CARIBBEAN DEVELOPMENT BANK

STRATEGIC PLAN 2020-2024

DECEMBER 2019

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CURRENCY EQUIVALENT

Dollars ($) throughout refer to United States dollars (USD) unless otherwise stated

ABBREVIATIONS

ARIMA	-	Auto Regressive Integrated Moving Average
BMCs	-	Borrowing Member Countries
bn	-	billion
BOD	-	Board of Directors
BOG	-	Board of Governors
CARICOM	-	Caribbean Community
CC	-	Climate Change
CCA	-	Climate Change Adaptation
CDB	-	Caribbean Development Bank
COP	-	Conference of Parties
CRVA	-	Climate Risk and Vulnerability Assessment
CSPs	-	Country Strategy Papers
CTCS	-	Caribbean Technological Consultancy Services
DER	-	Development Effectiveness Review
DRM	-	Disaster Risk Management
DRR	-	Disaster Risk Reduction
EE	-	Energy Efficiency
FI	-	Financial Institution
FTEs	-	Full Time Equivalents
GCI	-	General Capital Increase
GDP	-	Gross Domestic Product
GE	-	Gender Equality
GEPOS	-	Gender Equality Policy and Operational Strategy
GPs	-	Guiding Principles
HDI	-	Human Development Index
ICTs	-	Information and Communication Technologies
IMF	-	International Monetary Fund
IT	-	Information Technology
km	-	kilometres
MDBs	-	Multilateral Development Banks
mn	-	million
MSME	-	Micro, Small and Medium-Sized Enterprise
NDCs	-	Nationally Determined Contributions
OCR	-	Ordinary Capital Resources
PPPs	-	Public-Private Partnerships
PSIP	-	Public Sector Investment Programme
PWD	-	Persons with Disabilities
RAC	-	risk-adjusted capital
RCI	-	Regional Cooperation and Integration
RE	-	Renewable Energy
RMF	-	Results Monitoring Framework
SDF	-	Special Development Fund
SDGs	-	Sustainable Development Goals
SIDS	-	Small Island Developing States
SOs	-	Strategic Objectives
TA	-	Technical Assistance
ToC	-	Theory of Change
USA	-	United States of America
WB	-	World Bank
WEO	-	World Economic Outlook
YPOS	-	Youth Policy and Operational Strategy

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1. The Caribbean region, for the most part, is facing intense pressures in realising its legitimate development aspirations. The goals of poverty reduction and ultimate eradication, economic enfranchisement to end the scourge of intergenerational hardships in an environment that is more stable and secure, seem particularly challenging. Recent data suggest that approximately 1 in 5 persons still live in poverty[1/]. The impact of climate change (CC) given the Bank's Borrowing Member Countries' (BMCs) acute vulnerabilities has been severe[2/] and in many instances, expose and exacerbate the huge infrastructure gap in the Region.

2. Notwithstanding this current state, a future characterised by the collective aspirations of the Caribbean people for a cohesive, equitable and climate resilient economic paradigm is both realistic and achievable. The expressed desire to advance a development agenda that seeks to improve livelihoods equitably for males and females, and addresses the needs of vulnerable groups including the youth, persons with disabilities (PWD) and the elderly, is consistent with the thrust of leaving no-one behind while striving to achieve developed country status in the coming decade[3/].

3. Achieving these objectives will not be easy. Realisation of these legitimate ambitions will require deepened policy effort buttressed by intense development support, that is well coordinated and strategically targeted. BMCs stand at the cusp of the second quinquennium of the 15-year period of the Sustainable Development Goals (SDGs). This juncture provides a good opportunity for the Region to look critically at where it is in the process and what has to be put in place for countries to come close to securing the development progress anticipated in the SDGs. Further, the large financial resource requirements that are needed to expand production frontiers and drive growth dictate ongoing assessment of need and a recalibration of effort on the part of both development partners and constituent countries.

4. The Caribbean Development Bank (CDB) has a critical role to play in helping countries to navigate many of their development obstacles. Indeed, the Bank's role as a trusted partner, the provision of development resources and technical advice is perhaps more critical now than any other time in the Bank's history. However, as BMCs reflect on different approaches in achieving long-term growth and development objectives, so too must CDB. This Strategic Plan 2020-2024 charts the course for the Bank to think differently about how it sees itself engaging with countries for a more effective and sustainable development outcome. It lays out what must be set aside, as old approaches, and to vigorously pursue new approaches to preserve its role and relevance in the Caribbean aid architecture. In a real sense, the new Strategic Plan is anchored on what constitutes the transformational agenda for the Bank. This is both in terms of how CDB is organised internally to deliver on its work, as well as how it engages with clients and how it delivers its development support.

5. **A more holistic, integrated approach to development**. CDB will pursue more integrated and holistic development solutions in its BMCs in a way that truly reflects the bi-directional linkages inherent in the SDGs. Accordingly, the 2020-24 Strategic Framework emphasises these relationships and identifies the three strategic objectives (SOs) of Building Social Resilience, Building Economic Resilience and Building Environmental Resilience. This is in harmony with the thrust of 2030 Agenda. These SOs are buttressed by

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[1/] See "The Changing Nature of Poverty and Equality in the Caribbean: New Issues, New Solutions". CDB 2017

[2/] During the period 2000-2017, hydro-meteorological and geophysical hazards affecting 13 of the Bank's borrowing members resulting in loss and damage estimated at $27 billion (bn)

[3/] Trinidad and Tobago's Vision 2030, 'Many Hearts, Many Voices, One Vision'; Jamaica's Vision 2030, 'Planning for a Secure and Brighter Future'; Guyana's 2040 'Green State Development Strategy'; and the Organisation of Eastern Caribbean States 10-year Development Strategy 'Shaping Our Shared Prosperity' are development strategies that point the way for sustained growth, and the achievement of developed country status in some cases.

cross-cutting areas of focus including digital transformation, regional cooperation and integration (RCI), gender equality (GE) and good governance. These are supported by a foundation SO of Building Institutional Resilience. All opportunities will be explored to infuse these cross-cutting areas into all areas of the Bank's work. The vast potential of information technology (IT) integration and alignment with existing sectors of focus for the Bank is a key characteristic of the new Strategy for resilience building. This includes supporting in-country IT infrastructure development in core sectors including education, agriculture and road transport which will increase access and opportunity, promote sustainable output, and strengthen environmental resilience, respectively.

6. **Closing infrastructure gaps, capacity deficits and the digital divide**. The new Strategic Plan is sober in its recognition of the development challenges that persist in many BMCs and the new ones that are emerging. Improving connectivity and logistics at the border, both maritime and air, as well as the internal road network, remain key priorities for BMCs and the Bank. This will be critical in all aspects of resilience building and laying a strong foundation for sustained growth and poverty reduction. This is consistent with SDG 9 of building resilient infrastructure, promoting sustainable and inclusive industrialisation, and fostering innovation. Similarly, in order to promote more durable institutions that deliver on development effectiveness and lock in hard-won gains, the Bank will continue to help countries close capacity deficits through structured technical assistance (TA) and training that support enhanced implementation of their public sector investment programmes (PSIPs). Closing the digital divide will involve a multi-pronged process, including support for appropriate regulatory reforms around data governance; provision of targeted interventions designed to broaden and deepen e-government, including strengthening IT platforms; and driving down IT related costs.

7. **An expanded private sector role.** The Bank intends to sharpen its strategic focus and expand its role in the private sector over the new planning horizon. Given the large development financing needs of BMCs and consistent with the Addis Abba Financing for Development, CDB will support greater financial inclusion and help to narrow gender access disparities. The Bank's involvement in the private sector will be on two parallel and mutually reinforcing tracks. Importantly, it will support greater development of the micro, small and medium-sized enterprises (MSMEs) sector through, among other things, de-risking initiatives that improve record keeping, enhances business transparency and promotes bankability. Relatedly, the Bank will support the building out of the wider ecosystem for private sector development including supporting country-led reforms which are aimed at improving Doing Business ranking scores. These efforts will be further anchored by the provision of appropriately priced financing primarily through the Bank's special funds window. Internally, the Bank will reorganise itself to more effectively engage the private sector. This will include greater centralisation and coordination of all aspects of private sector interface including public-private partnerships (PPPs) activities, intermediary and direct lending, refashioning of the Bank's Caribbean Technological Consultancy Services (CTCS) programme that makes it better fit for purpose, product development, as well as right sizing the talent pool and skills set the Bank has as its disposal.

8. **A transformed CDB.** One of the most fundamental and transformational aspects of the new Strategic Plan is in relation to how the Bank organises to do its work and how the institution engages with its clients to deliver on its development objectives. Feedback received from its clients through an independent Perception Survey conducted to inform the Strategy, as well as views garnered from staff through engagement surveys, CDB recognises that it must focus on internal strategic changes in order to make itself stronger, more relevant and to sustain its financial viability. The Bank has thus laid out a Transformational Programme that focuses on profitability through cost reduction and growth initiatives, maximisation of existing and introduction of new capabilities, rapid technological evolution, as well as reimagining the structure of the organisation. More specifically, CDB has reviewed most of its business processes, both in the operational and corporate services areas, with a view to rationalise workflow and eliminating waste in the process flow. Further, the Bank will adopt appropriate technology solutions to reduce cycle time and staff effort while improving client satisfaction. The productivity gains expected from better utilisation of resources will support a stronger disbursement performance and enhance the Bank's service delivery and development effectiveness. In relation to

capabilities and the wider workforce strategy, CDB intends to gradually transition to resourcing the Bank more on an open talent principle which emphasises more access to talent, than the ownership of the talent itself. This move to open talent sourcing will contribute to ensuring that the Bank's skill inventory is always updated and ready to execute the Strategy. This approach will reduce the number of Full Time Equivalents (FTEs) and increase the resourcing of the Bank's work through partnerships, consultancies and "staff" who are part of the value chain but who are not permanently employed by the Bank. This flexible resourcing approach will allow the Bank to get work done in a more distributed way and bring expertise to support its development agenda without the long-term fixed cost arrangements.

9. **Balancing country demand with the Bank's resources availability**. The financial and technical resource needs of CDB's BMCs are projected to be significant over the planning horizon. The forecasts take on board investments required to help close infrastructure gaps and support various commitments made including Nationally Determined Contributions (NDCs) within the context of the Conference of Parties (COP) 23. The Bank will continue to seek out ways to crowd-in development support from traditional and non-traditional sources, to augment its own resource capabilities. In particular, concessional funding will be aggressively sought to support the vast work in strengthening environmental resilience building in BMCs. There will be continued need for strong shareholder support for concessional resources through the Special Development Fund (SDF) replenishment. Further, CDB will continue to pursue strategic partnerships with bilateral and multilateral sources to augment the pool of concessional resources.

10. **Guiding Principles (GPs) for Strategy 2020-24.** The formulation and execution of the new Strategy will be anchored on four GPs. These GPs reflect CDB's comparative advantage and advance its development mandate. The common thread of the principles acknowledges that ultimately, every intervention or activity in which the Bank is involved must be client-centric and results-focused and seek to transform the lives of persons in BMCs in a manner that is inclusive, resilient and sustainable. The GPs are also informed by the centrality and interconnected nature of the SDGs and the cross-sectionality of development challenges and the respective development solution. GP (1) is ***'Pursuing value for money through additionality, impact and digital transformation'.*** This underscores the fact that the success of the new Plan will critically depend on the Bank's ability to increase its level of efficiency and effectiveness. This relates to both back-office and front-office operations. All client-focused operations must ensure that the Bank brings additionality and strengthens project outcomes and impacts leading to superior development results. GP (2) is ***'Selectivity and Focus while ensuring alignment'.*** The Bank will seek to avoid mission creep by supporting projects and programmes that best reflect the Bank's capabilities and core mandate. This ensures that the Bank's resources are not spread too thinly. The Bank will also seek to ensure that its operations are aligned with appropriate SDGs, global good practice in ensuring development effectiveness and BMCs' plans and strategies at the sector, national and regional levels. GP (3) is ***'Deepening Country Focus and Stakeholder Engagement'.*** It is intended to reinforce the critical importance of fashioning development solutions which are tailored to the particular and unique needs of individual BMCs. This will be pursued by altering the stakeholder engagement model in a way that facilitates a closer relationship between the Bank and its clients. The fourth and final GP (4) is '***Delivering integrated comprehensive development solutions'.*** Given the acute shortage of development financial resources, smart partnerships that leverage both public and private sector actors will be indispensable if BMCs are to close development gaps and come close to reaching the SDG targets by 2030.

11. CDB will continue to assess and report on the performance of the Strategic Plan through the refreshed and updated Results Monitoring Framework (RMF). The indicators in the new RMF are a reflection of the efforts made by CDB to improve results monitoring and reporting, drawing on lessons learnt, experiences, and good practices of other Multilateral Development Banks (MDBs); the emerging trends in international development; and the rapidly changing landscape of aid development. The key principles used to guide the development of the new RMF include:

(a) more focus on outcomes by including more outcome-related indicators;

(b) greater flexibility and adaptability to the strategic planning process to allow for adjustments in the future triggered by a rapidly changing aid development landscape; and

(c) a more harmonised approach with other MDBs regarding results reporting.

12. The RMF maintains its four-level structure with 69 indicators. This is manageable for a small institution and consistent with good practices in the area of Results-Based Management. The levels of the RMF are:

- Level 1: Development Progress within the Caribbean region – this level provides a context for CDB's strategic direction and interventions (13 indicators).

- Level 2: CDB's contribution to development results through ongoing and completed projects/ operations in relation to outputs and outcomes (28 indicators).

- Level 3: Operational performance – how well CDB manages its operations especially resource allocation and utilisation, quality at entry, implementation and completion including readiness, relevance, design, alignment with the Strategy, and results reporting (20 indicators).

- Level 4: Organisational Efficiency – CDB's performance in managing the organisation looking at resource mobilisation, capacity utilisation, value for money, as well as staff and client satisfaction (8 indicators).

13. The indicators at Levels 2-4 are not only in line with the core operational areas, corporate priorities, SOs, and cross-cutting themes of the new Strategic Plan, but are critical to supporting the Bank's updated mission of **Reducing Poverty and Transforming Lives through Sustainable, Resilient and Inclusive Development**.

1. INTRODUCTION

1.01 The Caribbean and its people epitomise resilience. For decades, ordinary people from humble origins have excelled in many areas of endeavor including arts and sciences, business, fashion, culture and sports. In this sense, the Caribbean 'brand' is a strong one. The achievements which define Caribbean progress have been realised, for the most part, within a socio-economic and political setting marked by stability and maturity. The market, though imperfect, has allocated scarce resources in a manner that respects ownership and rewards effort. Strong democratic institutions and respect for the rule of law have supported fairly strong economic growth and social progress over time. However, sustained economic growth and social progress are becoming increasingly challenging in many BMCs as reflected in slippage in the rankings in key global performance indicators. For instance, the average economic growth in BMCs was around 1.9% over the past decade and has trailed other Small Island Developing States (SIDS) which grew at just over 4%. Similarly, they have fallen behind many SIDS in the Human Development Index (HDI) over the same period.

1.02 Many BMCs have rolled out medium- to long-term development plans to help point the way forward and to promote orderly development. Some countries, too, have expressed the ambition of attaining developed country status by 2030. Common threads tie these development agendas together. Building social resilience, strengthening economic resilience and promoting environmental resilience are key.

1.03 Several global factors help to shape the national and regional development agenda that has emerged. These include the SDGs as captured in Agenda 2030 (see Box 1); the ambitious and far-reaching environmental commitments from COP 23; and the small states priorities as reflected in the SAMOA Pathways, Sendai Framework for Disaster Risk Reduction (DRR) and the forum for Financing for Development (Addis Abba Action Agenda). Collectively, these provide a blueprint that seeks to guide sustainable and inclusive development.

1.04 While the ambition of the national and global development agenda is encouraging, it is equally challenging. Indeed, the respective SDG targets coupled with the commitments given by BMCs in their NDCs as signatories to the Paris Agreement[4/] represent a significant undertaking. The financial and technical capacity implications of these commitments exceed the capabilities of BMCs and, therefore, significant assistance is required if BMCs are to make meaningful progress in the time period specified.

1.05 Matching the ambition of BMCs with an efficiently coordinated and well-targeted response is key to surmounting the in-country capacity deficits. Now, more than ever, countries will need to strengthen policy frameworks, exercise policy discipline, learn from one another through heightened functional cooperation and fast track the resuscitated integration movement.

1.06 Available statistics show that the progress against poverty has slowed. This puts the goal of ending extreme poverty by 2030 at peril. In the Bank's BMCs, poverty levels have been impacted by slow and uneven economic growth and from repeated catastrophic hurricane events over the past five years. These have undermined social, economic and environmental resilience[5/].

[4/] The Bank's independent countries are signatories to the Paris Agreement. Under the NDCs, all 14 countries have included a section on mitigation while 13 have included a section of adaptation. Most targets extend until 2030 while some have shorter timeframes of 2025. Mitigation efforts are concentrated in energy, industry, agriculture, waste and land use, land use change and Forestry. Adaptation efforts will be concentrated in the following sectors and areas: Water, Agriculture, Coastal Zones, Health, Human Settlements, Risk Reduction and Fisheries.

[5/] The most recent impact by Hurricane Dorian in The Bahamas is a prime example of the Region's acute vulnerability to natural disasters.

BOX 1: CORE OBJECTIVES OF THE SDGS

According to the United Nations (2015b, p. 2), the SDGs and associated target will stimulate actions with respect to:

• **People:** To end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfil their potential in dignity and equality and in a healthy environment.

• **Planet:** To protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural resources and taking urgent action on CC, so that it can support the needs of the present and future generations.

• **Prosperity**: To ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature.

• **Justice**: To foster peaceful, just and inclusive societies which are free from fear and violence.

• **Partnerships:** To mobilise the means required to implement this Agenda through a revitalised Global Partnership for Sustainable Development, based on a spirit of strengthened global solidarity, focused in particular on the needs of the poorest and most vulnerable and with the participation of all countries, all stakeholders and all people.

1.07 CDB has been an important development partner in the Caribbean region. Over the past 50 years, the Bank has provided robust policy support and financing in areas that have made a real difference to improving lives. In the most recent Strategic Plan which covered the period 2015-19, CDB committed to assisting BMCs to reduce inequality and halving the incidence of extreme poverty by the end of 2019 through promoting sustained and inclusive economic growth. The outcomes of these objectives were mixed. While data from the Gini Coefficient tend to point to reductions in inequality through improved access to basic services including education and health, gender disparities still persist on account of norms and cultural idiosyncrasies. At the same time, the multidimensional nature of poverty and the acute vulnerabilities faced by many BMCs suggest that the poverty metrics might not have been achieved in the face of the onslaught of repeated natural hazard events during the course of the Strategy[6/].

1.08 This new Strategy lays out a pathway for CDB to respond in a more comprehensive and coordinated manner to the changing needs of its clients. At the core of the Strategy is the need for more integrated approaches to development solutions in a way that promotes greater levels of sustainability and heightens impact. As such, the proposed Strategy is anchored on the interrelated nature of the SDGs with common pillars of building social, economic and environmental resilience. This underscores and promotes alignment. Improving BMCs' chances of realising the SDGs requires investment and policy intervention in key areas including expanding access to education to boost factor productivity, while making growth more inclusive; diversification of output bases and harnessing technology in a manner that expands production possibility frontiers. The Strategy will be transformational more in 'how' development interventions are packaged and delivered rather 'what' is supported. In this sense, the Bank intends to avoid mission creep and intervene in sectors in which the Bank is well placed to deliver significant value and provide additionality.

[6/] Aggregated Caribbean data ending 2014 indicates that the proportion of the population in poverty was still in excess of 40% (at 44.1% including Haiti) and in excess of 20% (at 21.1% excluding Haiti). With regards to the proportion of the Caribbean population below the indigence line (food poverty), this stood at 22.4%, including Haiti, and 11.1% excluding Haiti. In many respects, poverty is multidimensional and is caused and sustained by multiple cross-cutting deprivations and vulnerabilities. In addition, there is some degree of uneven incomes distribution as captured by Gini Coefficients. CDB's regional study on poverty[6/] assesses that the main drivers of poverty across the Caribbean include "large number of young children; female-headed households; unemployment; poor educational outcomes; lack of decent job; disability; poor living conditions/housing quality; non-receipt of remittances; and lack of adequate pensions" (CDB 2016, p.106).

1.09 CDB will take appropriate actions to transform itself into a more agile, financially strong and responsive institution. The Bank is on the cusp of its 50th year of existence. This provides an excellent juncture for introspection and for the organisation to reimagine itself in a manner that demonstrates sensitivity to market dynamics and changing client needs. These organisational changes will be critical to the achievement of the Bank's SOs of resilience building both at the country and institutional levels.

1.10 The 2020-24 Strategic Plan incorporates the feedback from a wide cross-section of stakeholders including BMCs' country officials and private sector interest groups; civil society organisations, development partners, Board of Governors (BOG) and the Board of Directors (BOD), as well as management and staff of the Bank. It draws on lessons learnt from Bank operations as highlighted in reports from the Office of Independent Evaluation and Project Supervision and Completion Reports. The document draws on critical findings and recommendations emanating from internal corporate documents including the Annual Report of Portfolio Performance and the Development Effectiveness Review (DER), SDF Annual Reports and Mid-term Reviews. At the core of the development of the Strategy is the comprehensive findings captured in the independent Perception Survey, the discussions and recommendations provided during the BOG Roundtable discussions and the retreat for BOD on strategic options for the Bank. The principal messages evinced are that:

(a) the Bank must become more responsive to client needs;

(b) CDB's role and relevance in the Region are anchored by its 'Caribbeanness' since it is of the Region with an exclusive focus on the Region;

(c) the Bank has strong convening power and is able to leverage its strong brand to attract and downstream critically important concessional resources to BMCs;

(d) the Bank must continue to develop and offer insightful knowledge products to stakeholders to help shape policy development;

(e) the poverty agenda and building economic resiliency represent unfinished business and must continue to engage the Bank as its core mandate;

(f) GE, good governance, RCI, and CC issues should be part of the Bank's strategic focus going forward;

(g) the Bank has to find a way to engage more meaningfully in the private sector given the development financing needs in BMCs; and

(h) the Bank should also continue to exercise selectivity and focus, utilising strategic partnerships, wherever possible, to achieve its SOs and to deliver on its mandate.

1.11 Against this background, this document sets out the strategic direction for the period 2020-24. Section 2 discusses the changing landscape and challenges confronting the Region. Section 3 highlights CDB's value proposition and the GPs that must attend the Strategy. In Section 4, the strategic direction and operational priorities are discussed, while the next section details the resources, including the internal transformational agenda, as core dimensions in achieving the objectives of the Strategy. Section 6 discusses the new RMF to track the development effectiveness of the Strategy, while the last section provides a risk assessment of the Strategy.

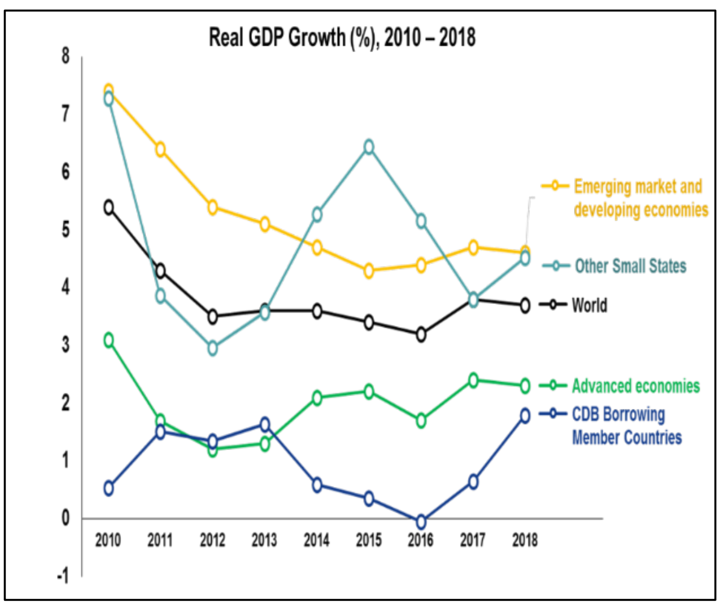
2. CHANGING LANDSCAPE AND CHALLENGES CONFRONTING THE REGION

2.01 The international context that confronts BMCs is one which is characterised by rising geo-political uncertainty and growing protectionism as evidenced by the intensification of trade tensions between the United States of America (USA) and China and a general increase in populism. As a consequence, global risks have become more pronounced. The latest information from the World Economic Outlook (WEO) suggest strong potential for a global recession in 2019/2020 due primarily to rising debt levels and economic slowdowns across the USA, China, the United Kingdom and the Eurozone. The International Monetary Fund (IMF) has projected a slowing of the global economy to 3.5% in 2019 down from estimates of 3.7% at the end of 2018. In addition, financial markets have begun to show early signals of an impending recession with treasury yield curves presenting signs of inversion, increasing rates on credit and a worsening in market fundamentals. Further, on the heels of the last global recession, high levels of uncertainty have led to the tightening of global financial regulations in an attempt to stymie the potential for a similar shock. These developments weigh on the outlook for the Region, with adverse transmission through income and consumption channels, particularly in the tourism sector.

Macroeconomic and Social Setting

2.02 The Bank's BMCs continue to face a challenging macroeconomic, social and environmental context for the most part. While economic growth is emerging in some BMCs, economic activity has failed to make up for lost ground during the difficult period of the Great Recession (2008-2014) and trails other SIDS (See Chart 1). While some countries have shown a relatively strong economic performance with gross domestic product (GDP) growth averaging in excess of 3% over the recent past[7/] other countries have struggled to post strong growth rates.

CHART 1: SELECTED GDP OUT-TURNS

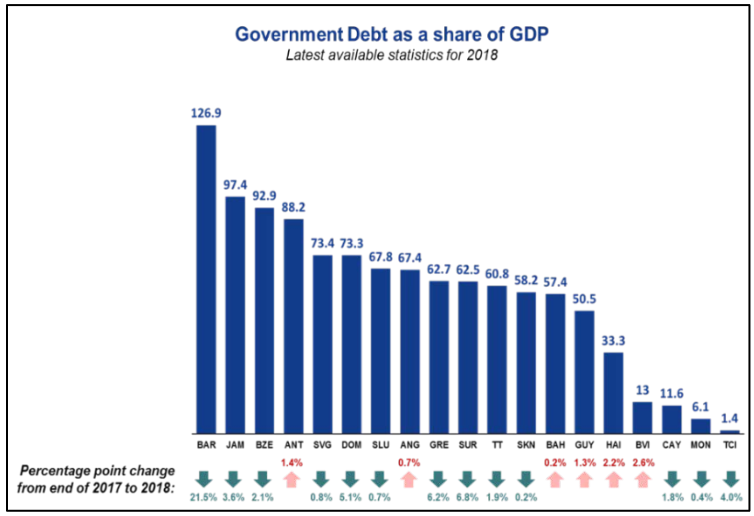


Source: IMF, WEO, CDB

[7/] Antigua and Barbuda, Grenada and Guyana have realised 5-year real GDP growth (to 2018) of 4.5%, 5,5% and 3.2%, respectively (IMF - www.imf.org.external/datamapper/NGDP_RPCH@WEO) while other countries including Barbados, Suriname and Trinidad and Tobago have recorded weak and negative growth over the period of 0.7%, -1.0% and -1.5% respectively.

2.03 Further, increasing fiscal pressures and mounting public debt which hamper the delivery of services and social goods have become key features across many BMCs. Poor fiscal performances coupled with weakening external positions have resulted in acute buildup of public debt across most BMCs. As at December 2018, 10 of CDB's BMCs held public debt to GDP ratios in excess of the generally accepted benchmark of 60% of GDP, with the median public debt standing at 62.5%, down from 66.7% in 2017 (see Chart 2). This high debt burden has negative feedback loops for growth by limiting critical investment spending required to support growth and thereby compromises long-term growth prospects.

CHART 2: <u>GOVERNMENT DEBT STOCK</u>



Source: Regional Central Banks

2.04 These macroeconomic challenges have led to some negative secondary effects such as high unemployment (particularly among the youth) and underemployment, increased incidences of crime, emigration of skilled labour and a seemingly high level of persistent poverty. Indeed, unemployment rates are estimated to be in excess of 20% in Grenada and Saint Lucia in 2018.

2.05 Anecdotal evidence suggests that the relatively benign growth has begun to undermine human development gains in the Caribbean region, confirming synergies between the social, economic and environmental pillars that underpin sustainable development (ECLAC 2018 Caribbean Outlook). An examination of country performance in the HDI indicates that almost all of the Bank's BMCs with a HDI score deteriorated between the period 2008 and 2018[8/]. The declines range from as high as 29 places for Dominica, which fell from a ranking of 74 in 2008 to 103 (of 189 countries) in 2018, to a fall-off of two places in The Bahamas (which fell from a ranking of 52 to 54 over the reference period). Only Grenada stayed at the same ranking of 75 while Jamaica was the only country to have improved its ranking moving from 100 to 97 (see Table 1).

TABLE 1: <u>BMCs HDI Ranking 2008 & 2018</u>

Country	2018 HDI	2018 Rank	2008 Rank	Change in HDI rank
Antigua and Barbuda	0.780	70	47	23
Bahamas	0.807	54	52	2
Barbados	0.800	58	37	21
Belize	0.708	106	93	13
Dominica	0.715	103	74	29
Grenada	0.772	75	75	0
Guyana	0.654	125	114	11
Haiti	0.498	168	149	19
Jamaica	0.732	97	100	3
St. Kitts and Nevis	0.778	72	63	9
Saint Lucia	0.747	90	70	20
St. Vincent and the Grenadines	0.723	99	91	8
Suriname	0.720	100	97	3
Trinidad and Tobago	0.784	69	65	4

Source: United Nations Development Program, 'Human Development Reports 2009 and 2019'

2.06 The deterioration in the HDI ranking points to a number of factors. It reinforces the fact that Caribbean countries are falling behind other SIDS both in terms of macroeconomic and socioeconomic trends and equally important, it provides a glimpse of BMCs' welfare trajectory in the absence of critical policy action. Going

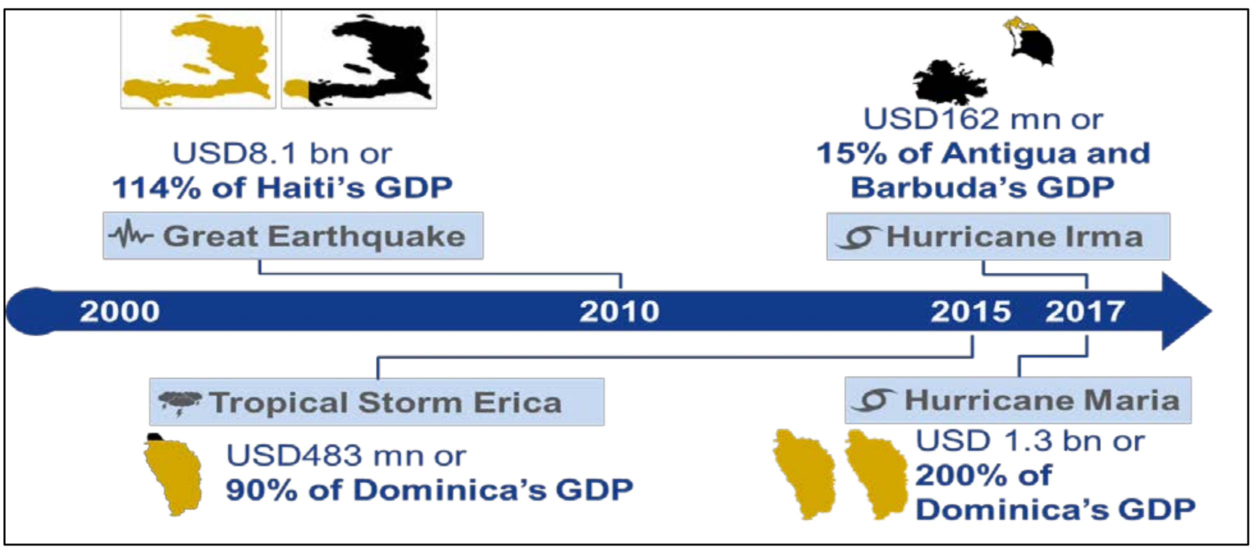
[8/] The British Overseas Territories of Anguilla, Cayman Islands, British Virgin Islands, Montserrat and Turks and Caicos Islands are not ranked in the HDI.

forward, development strategies in BMCs will need to reflect the fundamental role of social development as a critical driver of inclusive growth. To promote this, several critical social challenges must be addressed given the intersectionality of the development issues. These include: tackling poverty, gender disparities and inequality; unemployment especially among the youth; improving access to inclusive and equitable education; inadequate social protection; access to quality health and social care; and the provision of equal opportunities particularly for PWDs consistent with the principle of 'No one left Behind'.

Vulnerability and Climate Change

2.07 With respect to vulnerability, notably, the Caribbean is regarded as one of the most vulnerable regions in the world to natural disasters, particularly tropical cyclones. Recently, the increasing frequency, lengthier impact times and growing intensity of natural hazards due to CC have not gone unnoticed. Between 2000 and 2018, CDB's BMCs experienced 189 natural disaster events that affected approximately 14.5 million (mn) persons, caused over $26 bn in total damages and caused the deaths of almost 238,000 persons. On average, disaster events in the Caribbean are estimated to cost the Region approximately 2% of GDP annually but in many cases, single events cost countries many times over the value of their annual economic activity (see Figure 1)[9/]. As such, disasters have retarded much economic and social development progress. In addition, almost annual occurrences of major disaster events have left a trail of fractured economic infrastructure and have contributed to the buildup of the high debt levels that are now present in many Caribbean economies.

FIGURE 1: SELECTED NATURAL HAZARD IMPACTS



Source: CDB

2.08 There is a large and rapidly growing body of knowledge which explores the connections between CC and poverty. Climatic variability and CC are widely recognised as factors that exacerbate poverty, particularly in countries and regions where poverty levels are high. CC-triggered impacts often act as a threat multiplier as impacts of CC serve to compound other drivers of poverty. For instance, many vulnerable and poor people are typically dependent on activities such as agriculture that are highly susceptible to temperature increases and variability in precipitation patterns. As such, even modest changes in rainfall and temperature patterns can push marginalised people into poverty as they lack the means to recover from associated impacts. Extreme

[9/] The impact of Hurricane Dorian in The Bahamas in 2019 adds significantly to this picture.

events, such as floods, droughts, and heat waves, especially when they occur in series, can significantly erode poor people's assets and further undermine their livelihoods and compromise their welfare[10/].

2.09 In the Caribbean, coastal population density has grown in recent decades with the majority of the population living within 10 kilometres (km) of the coast[11/]. Further, it is estimated that around 14.5% of the population live in low-elevation coastal zones less than 10 metres (m) above sea level[12/]. This coastal concentration of the population exposes significant numbers of the population to the impact of natural hazards in the Region and put at risk, high value economic assets, particularly in the tourism and transport sectors.

2.10 The Inter-Governmental Panel on Climate Change, 2018 Special Report on Global Warming of 1.5 degree Celsius (°C) articulates that the consequences of a 1.0°C increase in global warming are already being seen through extreme weather events and the rising sea level among other things. For the Caribbean Community (CARICOM) States, measurable climate impacts are already observed on agricultural yields, changes in water quality and quantity; damage to coastal zone areas; marine and terrestrial biodiversity loss and associated ecosystem services; and increase in CC-related disasters and infrastructure damage and loss in urban and rural areas. CC is, therefore, a threat to the core mission of CDB, to systematically reduce poverty in its BMCs. These impacts have a disproportionate impact on the most vulnerable groups, who have less capacity to protect themselves and to adapt or recover losses. There is also increasing concern with gender-specific climate impacts. The gender dimensions and differential impact of CC and disaster risks on the lives and livelihoods of women, men and their families also influence the vulnerability of households and the likelihood of increasing poverty.

2.11 All sovereign BMCs have ratified the Paris Agreement and committed to implement their NDCs as part of the Agreement, to limit global warming to less than 2°C by 2100, and make best efforts to limit warming to 1.5°C. BMCs must be prepared to address the serious economic and social impacts of CC by adopting and implementing clear CC Adaptation (CCA) measures and building climate resilience in key climate sensitive sectors such as agriculture, water resources management, infrastructure and urban development and to take advantage of the new opportunities it presents. They must also incorporate disaster risk management (DRM) and climate risk considerations in national development plans and sector strategies. In collaboration with development partners, CDB is building out capacities particularly at the community levels to strengthen their resilience to CC while seeking to reduce poverty levels.[13/] However, adaptation and mitigation costs are substantial and will require extensive support from national, regional, bilateral and multilateral development partners going forward. Partnerships, therefore, will continue to be important in combating CC.

[10/] See 2018 'Summary for Policymakers of IPCC Special Report on Global Warming'.

[11/] World Bank (WB) (2016), Toward a Blue Economy: A promise for Sustainable Growth in the Caribbean'

[12/] Inter-American Development Bank (2017), A Blue Urban Agenda: Adapting to Climate Change in Coastal Cities in the Caribbean and Pacific SIDS.

[13/] These include building capacity for DRM and climate resilience projects supported by the Community Disaster Risk Reduction Fund, which integrate multi-sectoral interventions that will directly benefit communities by: (a) building adaptive capacities of communities for DRM and climate resilience by supporting opportunities for enhanced livelihood streams; (b) financing investments to improve access to electricity and potable water to establish proof of concept of successful demonstrations; and (c) catalysing innovative solutions for natural resources conservation and protection, through training, technical support, environmental data collection, monitoring and developing management plans; interventions by identifying projects which reduce the risks of natural disasters and supports CCA efforts in communities across the Caribbean.

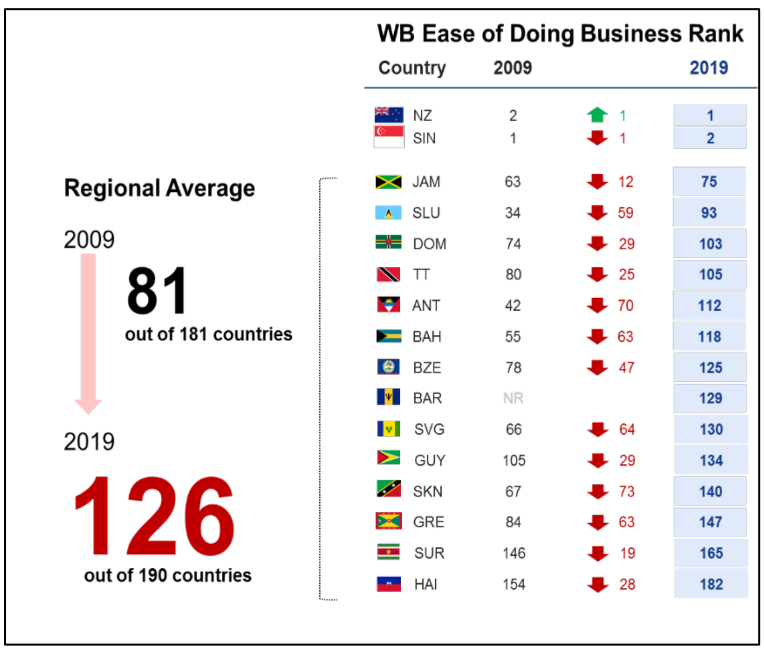
Energy

2.12 In spite of an abundance of natural assets in the Caribbean, including wind, solar and geothermal energy in some of the Eastern Caribbean countries, there is still a heavy reliance on fossil fuels to meet the Region's energy needs. Currently, it is estimated that the Region imports about 95% of its energy needs. The combination of high diesel and heavy fuel oil costs and the inherent inefficiency of diesel technology, which accounts for the majority of the generation in BMCs, are the principal contributors to high electricity prices. Further, fuel prices are subject to the volatility of international oil markets. Small market size and the absence of economies of scale in the generation of electricity have contributed to the cost of electricity throughout the Region being among the highest in the world. The high price of electricity is a major source of the Region's lack of competitiveness. In general, households paid between 0.30 cents and 0.40 cents per kWh in 2011. The impact of the high cost of imported fuel is reflected, *inter alia*, depleting foreign reserves due to dependence on imported oil; and unsustainable debt levels. Evolving renewable energy (RE) technology and recent price reductions can potentially bring about a transformation in the energy landscape to the extent that all BMCs can now harness their available resources. Renewed international commitment to climate resilience and low carbon energy options have led to a soaring trend towards the adoption and use of clean energy, RE and energy efficiency (EE) technologies, as well as a shift towards distributed models of power generation. The dilemma facing BMCs is that unless special measures of assistance are put in place, reducing the use of fossil fuels and increasing RE can be more expensive in the short to medium term, and put already vulnerable economies at a further competitive disadvantage.

High Cost of Doing Business

2.13 The doing business environment continues to deteriorate in the BMCs as measured by the WB's Ease of Doing Business Reports (see Figure 2). In 2009, the average BMC rank was 81 out of 181 countries and by 2019, the average BMC rank had fallen to 126 out of 190 countries. All BMCs have lost ground with St. Kitts and Nevis and Antigua and Barbuda declining by as many as 73 and 70 places, respectively. Jamaica recorded the least slippage in the rankings fall from 63 in 2009 to 75 in 2019. The limited number of positive reforms in the Region partially explains the slippage in the relative ranks of BMCs. Registering Property and Access to Credit continue to stand out as weighing heavily on the Ease of Doing Business ranking, while getting electricity and dealing with construction permits have improved over time.

FIGURE 2: <u>DOING BUSINESS RANKING</u>



Source: WB

Infrastructure Deficits

2.14 Sustainable infrastructure is required to support global development commitments and to help meet development demands across a range of sectors. These cover good quality education with equitable access; health care including meeting the expectations and rights of PWDs; the changing demographics particularly the aging population and the youth; as well as the traditional sectors in order to boost productivity. These notwithstanding, the Region is faced with large infrastructure gaps which undermine growth and development and delays upward social mobility and poverty reduction. These development gaps persist in the transportation sector (road, marine and airport) as well as in water and sanitation sectors. A 2014 CDB study[14/] estimated that the investment required to respond to the infrastructural needs of BMCs was in the magnitude of $21 bn over the 10-year period to 2025. Given the constrained position of public sector balance sheets, crowding in private sector resources through smart partnerships is deemed fundamental in mounting a creditable response to the BMCs' development needs.

2.15 With respect to the maritime sector, geographical fragmentation has resulted in high trade and transportation costs, undermining the competitiveness of smaller Caribbean economies and inhibiting the growth of intra-regional trade, which remains at relatively low levels (10-15% of total regional trade). Caribbean shipping costs are among the highest in the world[15/]. Inefficiencies, such as high port charges, act as further impediments to trade. The limited level of demand restricts the size and type of vessel that can be deployed, with complex and low volume port rotations being the result. There is need for rationalisation of services which would greatly improve costs.

Inadequate Implementation Capacity

2.16 The challenge of inertia in policy action and weak implementation of crucial capital projects have undermined the development efforts in many BMCs. In some instances, the authorities have outlined priorities in policy documents including medium-term development plans and vision documents without the requisite effective mechanisms for implementation, monitoring and evaluation of results. Further, implementation of reforms and key national priorities contained within national plans and PSIPs have been relatively slow. As a result, PSIP implementation rates varied between 20 and 75% across CDB's BMCs over the period 2012-16. Research work undertaken by the WB (2014) notes that a "lack of well-trained human resources, obsolete systems of government personnel management, insufficiently robust accountability systems for results, a weak enforcement culture to implement decisions, and scarce financial resources make it difficult for governments to achieve results effectively and on time when implementing projects". Indeed, these capacity constraints have -also hindered the performance of CDB-funded projects. The Bank's response to the implementation and capacity gaps across the Region has historically focused on providing TA and capacity building and training of senior public officials.

Ambitious Development Agenda

2.17 The SDGs, as captured in Agenda 2030, provide a useful construct within which to organise the global, regional and country development agendas in a comprehensive manner. Indeed, the SDGs, together with the development thrust captured by COP23, the small states priorities as reflected in the SAMOA Pathways and the forum for Financing for Development (Addis Abba Action Agenda) collectively provide a blueprint that can guide sustainable development from an economic, social and environmental perspective. Indeed, the commitments given by BMCs in their NDCs as signatories to the Paris Agreement[16/] represent a significant

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[14/] CDB (2014) Public–Private Partnerships in the Caribbean: Building on Early Lessons.

[15/] For countries in the Region, transport and insurance costs as a percentage of the value of their imports are as much as three times higher than the world average (ECLAC: An analysis of maritime transport and its costs for the Caribbean).

[16/] The Bank's independent countries are signatories to the Paris Agreement. Under the NDCs, all 14 countries have included a section on mitigation while 13 have included a section of adaptation. Most targets extend until 2030 while some have shorter timeframes of 2025. Mitigation efforts are concentrated in energy, industry, agriculture, waste and land use, land use change and Forestry. Adaptation efforts will be concentrated in the following sectors and areas: Water, Agriculture, Coastal Zones, Health, Human Settlements, Risk Reduction and Fisheries.

undertaking. The financial implications of these commitments far exceed the financial capacity of BMCs and therefore significant assistance will be required if BMCs are to make meaningful progress in the time period specified. A separate but related issue surrounds the countries' ability to mainstream these development requirements in their national development frameworks. This has posed extreme challenges to many BMCs which suggest that deep support is required to improve planning systems.

Competitive Space

2.18 The aid architecture in the Caribbean has become increasingly dense over time. The number of bilateral and multilateral stakeholders[17/] have grown somewhat over the past decade as countries transitioned from the Millennium Development Goals to the SDGs (see Table 2 below for a sectoral distribution of major development partners operating in the Region). In addition to the assistance provided by these institutions, capital markets and commercial banks have emerged as important sources of development financing given the build-up of excess liquidity in many domestic financial systems. The resources raised through these channels could be used to fund critically important public sector initiatives. Admittedly, the wide development gaps that persist in many BMCs, together with the time-sensitive global development agenda, require significant development support that is sustainable. Given the still large debt overhang, BMCs will need to be strategic in configuring and funding their PSIPs. Countries will need to carefully consider both price and non-price factors and ensure that the package of assistance being provided addresses development problems in a comprehensive and sustainable manner. Importantly, technical support that responds appropriately to sector challenges, improves project outcomes and impacts, will be crucial. Strong collaboration and coordination between development partners will also be essential to avoid duplication.

TABLE 2: <u>COMPETITIVE SPACE AND PARTNERSHIPS</u>

Area	IDB	IMF	WB	EU	IsDB	UN Agencies, ILO, FAO	USAID	OAS	China	Bilaterals (Individual Countries, DFID, CIDA)	CDB
Agriculture	√		√	√		√					√
Tourism	√		√								
Education	√		√		√	√	√	√	√	√	√
Environment and Coastal Protection	√		√	√		√				√	√
Macroeconomic Management	√	√	√	√					√		√
Private Sector Development/trade (inc digitalisation)	√		√	√	√	√	√				√
Public Sector Modernisation/Governance	√		√	√		√				√	√
Social Protection/Poverty Reduction	√		√	√		√	√				√
Water and Sanitation	√			√	√	√					v
Energy	√		√	√		√					v
Health	√		√	√	√	√	√		√		
Transport Infrastructure	√		√						√	√	v
Housing	√			√	√						
Youth development	√		√			√	√				√
Blue Economy	√		√								
Creative Industries	√										√
Regional Integration				√				√		√	√
Citizen Security	√		√	√			√			√	√

[17/] Multilateral institutions including the Islamic Development Bank, the Development for Latin America and the OPEC Fund for International Development, as well as bilateral stakeholders including Kuwaiti Fund and the Deutsche Gesellschaft für Internationale Zusammenarbeit German Corporation for International Cooperation are providing robust development support.

3. CDB'S VALUE PROPOSITION AND GUIDING PRINCIPLES

3.01 The Bank occupies a position as one of the Region's most trusted development partners. This was a strong message delivered in the independent perception survey[18/] undertaken to inform the formulation of the Strategy and one that the Bank must judiciously protect through its operational and strategic positioning. There is a uniqueness that the Bank possesses from having a singular focus on the Region and being indigenous to the Region. This affords a shared understanding of some of the peculiar development challenges that confront BMCs. This cultural affinity and common identity have paved the way for the Bank's engagement with its borrowing membership over the past (almost) five decades. During the 2015-19 strategic planning period, the Bank has been extremely successful in crowding in similar resource flows (See Box 2 below).

3.02 However, the development equation in the Region has become increasingly complex. These complexities are defined by the range and types of new challenges that layer old ones. Approaches to the poverty phenomenon must reflect squarely on its multidimensional nature and its gender differential impacts. The hazards triggered by a much hotter climate and the effects on traditional agriculture and on other areas of productive enterprise represent significant development drag on BMCs' growth potential. These are compounded by the need to climate-proof public and private sector assets, to the extent possible, in order to safeguard past development gains as new horizons are explored. All countries have also embraced the potential for digitalisation and digital transformation as a positive disruptor in the planning and development process.

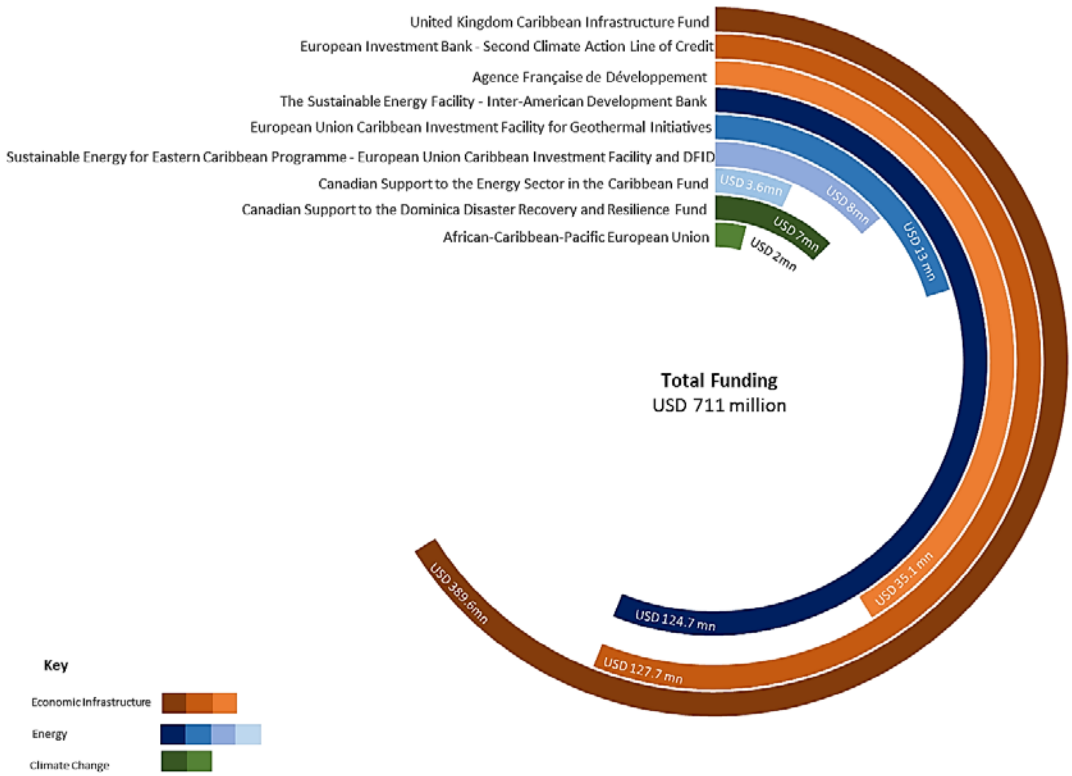
3.03 CDB's value proposition is sensitive to these changing dynamics in its BMCs. During the planning period, the Strategic Plan 2020-24 will strengthen BMCs' economic, social and environmental resilience and help them to close in on SDG-related commitments in important sectors in which the Bank has comparative advantage. The Bank will use its convening power and leverage its access to concessional resources in a manner that amplifies the availability of investment resources to its borrowing clients. The Bank will develop appropriate knowledge and lending products to support policy development in country while enhancing the Bank's ability to respond with the right tools as and when needed. As a thought leader, the Bank will advance insightful research that bolsters the fight for broader considerations, beyond per capita income, regarding access to the Bank's concessional resource pool. The Bank will utilise appropriate digital technologies as an efficiency enhancer in traditional sectors to boost the output potential of key sectors including education, agriculture and the provision of smart climate-proofed infrastructure. It will support private sector expansion through more robust engagement and by strengthening regulatory frameworks and building out the wider ecosystem.

3.04 The Bank's value proposition is reflected in four GPs that will inform how the Strategy is configured and implemented. The GPs seek to anchor CDB's comparative advantage and advance its development mandate. The common thread of the principles acknowledges that ultimately, every intervention or activity in which the Bank is involved must be client-centric and results-focused, seeking to transform the lives of persons in BMCs in a manner that is inclusive and sustainable. The GPs are also informed by the centrality and interconnected nature of the SDGs and the cross-sectionality of development challenges and the respective development solution.

[18/] Consultation on Strategic Issues', Report of Independent Consultations with Stakeholders Preparatory to CDB's Strategic Plan 2020-2024 by Rideau strategy Consultant Ltd.

BOX 2: <u>RESOURCE MOBILISATION</u>

Resource mobilisation efforts geared to increase capital and meet the needs of BMCs in a cost-effective manner is a high priority for CDB. During the review period, CDB mobilised approximately $711 mn (2015-18) from bilateral and multilateral partnerships mainly for climate adaptation and mitigation programmes in economic infrastructure and clean energy. This is line with the Bank's priority of building resilience for sustainable development within the Region.



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GP1: Pursuing value for money through additionality, impact and digital transformation

3.05 The Bank's operations will be undergirded by increased levels of efficiency and effectiveness. This relates to both back-office and front-office operations. All client-focused operations will ensure that the Bank brings additionality and strengthens project impact leading to superior development results. The principle also highlights the critical importance of leveraging digital transformation. Digitalisation and the use of data will be used to promote inclusive and sustainable economic growth. Further, it will be used to foster innovation and enable individuals and businesses to benefit from existing and emerging technologies. Internally, improvements in IT will be employed to contain administrative costs while supporting a stronger CDB.

GP2: Selectivity and Focus while ensuring alignment

3.06 CDB will continue to exercise judgement and discipline in sectoral interventions. It will avoid mission creep by supporting projects and programmes that best reflect the Bank's capabilities and core mandate. This ensures that the Bank's resources are not spread too thinly. The Bank will also seek to ensure that its operations are aligned with appropriate SDGs, global good practice in ensuring development effectiveness and BMCs' plans and strategies at the sector, national and regional levels.

GP3: Deepening Country Focus and Stakeholder Engagement

3.07 Country stakeholders have expressed concern regarding the Bank's response rates and approval processes. CDB must display a meaningful and decisive response to these perceptions. The Bank will implement reforms to its business processes which seek to streamline bank-wide processes in order to make them better fit for purpose. It will implement a client engagement model from lead generation to project close out. Further, it will tailor development solutions that respond to country specific needs taking fully on board gender differential impacts. The Bank will seek to provide new and innovative solutions that appropriately respond to the nature of the development challenge. It will focus on the production of "actionable" research work both by staff and through the use consultants. This will ensure that the Bank is on the cutting-edge of development thinking and is able to provide BMCs with a full range of development solutions.

GP4: Delivering integrated comprehensive development solutions

3.08 As highlighted, many of the SDGs are interrelated. For instance, SDG 1 and 2 on poverty and hunger have gender differential impacts (SDG 5). SDG 7 on energy also cuts across how we choose to grow our food or provide access to education services. Given the acute shortage of development financial resources, smart partnerships that leverage both public and private sector actors will be indispensable if BMCs are to close development gaps and come close to reaching the SDG targets by 2030.

3.09 Table 3 provides a summary of the rationale for the four GPs and the activities or actions to be undertaken during the five-year period.

TABLE 3: SUMMARY OF GUIDING PRINCIPLES, RATIONALE AND ACTIONS

CLIENT – CENTRIC AND RESULTS -FOCUSED

Guiding Principle	**Rationale**	**Activities/Actions**[19/]
 **GP1: Pursuing value for money through additionality, impact and digital transformation**	Achieving value for money will be a major consideration in the Strategic Plan with respect to enhancing operational and organisational efficiency and effectiveness. Focusing on value for money, development effectiveness, and results, will improve CDB's ability to mobilise, coordinate, utilise, finance, allocate and manage its resources to meet the development needs of BMCs. Digital technology is transforming the service delivery landscape and CDB has to ensure that their operations are aligned with and adaptable to the fast and constantly changing environment. Using digital technology and data are key to fostering innovative governments and advancing the growth and development agenda within BMCs.	▪ Implement and monitor CDB's Transformation Agenda; IT Strategy; and Business Process Review. ▪ Improve project design/quality and readiness, as well as conduct more rigour in the preparation and analysis of CDB's interventions and incorporate ICT solutions in their design, where feasible. ▪ Allocate resources to facilitate the implementation of digital transforma-tion and data analytics initiatives in BMCs.
 **GP2: Selectivity and Focus while ensuring alignment**	Staying focused and intervening in sectors/ areas where CDB has comparative advantage as well as promoting staff participation and ownership are essential to achieving the goals of the Strategic Plan.	▪ Continue to focus on the CDB's core areas of strength. ▪ Incorporate new areas of intervention including the blue economy and digital transformation. ▪ Continue to develop sector policies and strategies that are results-focused and aligned to national, regional and global goals and objectives. ▪ Improve on staff engagement and communication to build ownership and awareness on the principles and goals outlined in the Strategic Plan.
 **GP3: Deepening Country Focus and Stakeholder Engagement**	Conducting broad-based consultation and client feedback is necessary and would provide CDB with information in beneficiaries' and users' perceptions of the quality of its operations and development effectiveness. This would also allow for more evidence-based decision-making and a more targeted approach to achieving the development goals of BMCs and realising the objectives of the Strategic Plan.	▪ Carry out periodic engagement surveys in BMCs. ▪ Deepen engagement at all stages of the project cycle – programming, appraisal, supervision and completion stages.
 **GP4: Delivering integrated comprehensive development solutions**	Solving the Caribbean's challenges will require innovative and integrated solutions, multi-sectoral approaches as well as collaborative efforts involving International Development Partners, the private sector and civil society.	▪ Improve on lesson learning and sharing through self-assessment and independent evaluation activities. ▪ Promote collaboration among sectors and areas, and at the same time, incorporate energy security, climate resilience, GE and RCI considerations.

[19/] These are discussed in more detailed in Section 4

4. STRATEGIC DIRECTION AND OPERATIONAL PRIORITIES

4.01 The strategic direction and operational priorities of the Bank over the period 2020-24 have two primary objectives that reinforce one another. The first is to assist BMCs to reduce poverty in an inclusive and sustainable manner. The second aims to strengthen BMCs economic, social and environmental resilience and help close in on the ambitions set out in the SDGs. The focus on these three dimensions of development is also grounded in the Bank's empirical work on measuring and reducing vulnerability[20/]. Building institutional resilience is a foundation consideration of the Strategy, which acknowledges that strengthening the Bank's efficiency and effectiveness is paramount to achieving its SOs.

4.02 The Strategic Plan 2020-24 reflects boldness and ambition while also being very practical. The Bank has demonstrated its thorough understanding of the multidimensional nature of poverty in the Caribbean and factors that influence this phenomenon. The multisectoral determinants of poverty are at the center of the three pillars of resilience building. The Strategy, therefore, is built on this and is designed to focus on CDB's engagement in a manner that amplifies development results by thinking about existing challenges in new ways. Notwithstanding its significant development value to all stakeholders, CDB is mindful of its limited size, both in terms of human and financial resources. It is, therefore, critically important that resources are leveraged for maximum impact. This too is a defining characteristic of the new Strategy. The new Strategy sets out a transformational agenda that, in part, explores all avenues to infuse digital technology to optimise output and performance both at the country level and within the Bank. It seeks out greater opportunity for complementary entry points in core areas of the Bank's business in ways that reduce transactions costs and enhance project impact.

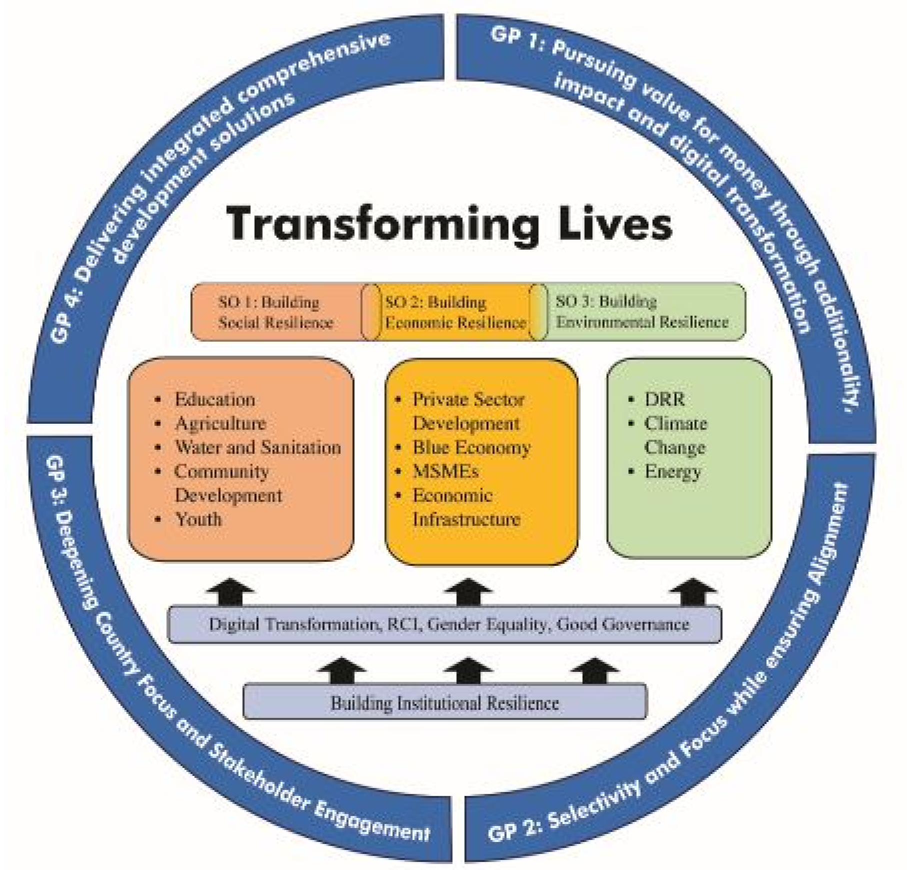
4.03 In helping to anchor the new Strategy, the Bank has adopted a more focused Mission Statement. The new Mission Statement of '**Reducing poverty and transforming lives through resilient, sustainable and inclusive development**'[21/] reflects stakeholder's desire for the Bank to focus more sharply on poverty reduction and resilience building in its mission.

4.04 The Strategic Framework for the period 2020-24 is presented below in Figure 3. The SOs and related operational priorities are discussed subsequently.

[20/] In 2019 CDB refreshed its vulnerability index it employs in its resource allocation strategy for concessional funds. The index is based on sub-indices for economic, social and environmental vulnerability. Economic vulnerability are linked to structural factors that are associated with: (a) remoteness from global markets; (b) lack of diversification; (c) dependence on external financing; (d) susceptibility to natural disasters; (e) small internal markets and lack of economies of scale; and (f) dependence on non-renewable sources of energy. Social vulnerability captures the inability of human beings to cope with, and recover from, stresses and shocks; to adopt and exploit changes in physical, social and economic environments; and to maintain and enhance future generations. Environmental vulnerability focuses on susceptibility to natural hazards and CC. See 'Measuring the Vulnerability and Resilience Nexus', CDB 2019.

[21/] The current Mission Statement is 'CDB intends to be the leading catalyst for development resources into the Region, working in an efficient, responsive and collaborative manner with our borrowing members, and other development partners, towards the systematic reduction of poverty in their countries through social and economic development.'

FIGURE 3: STRATEGIC FRAMEWORK 2020-24

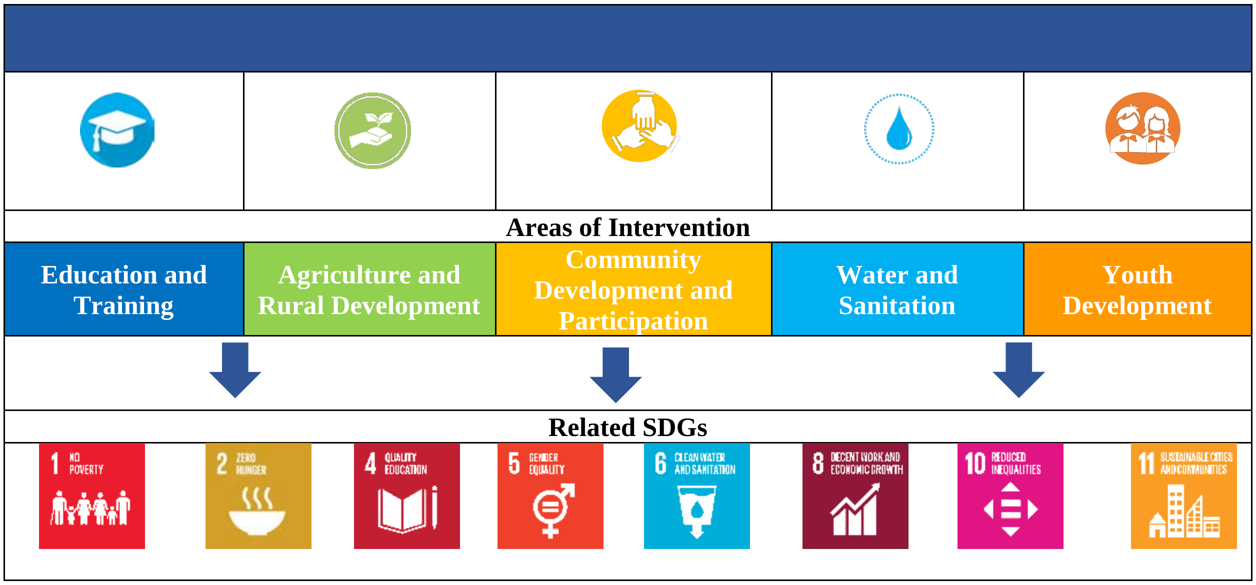


Building Social Resilience

4.05 Building social resilience is integral to the core mandate of CDB, the sustainable development of BMCs and is in keeping with ongoing development partnership commitments including the fulfilment of the SDGs and the CARICOM Strategic Plan. Social resilience builds the coping, adaptive and transformative capacities of individuals, households, groups, communities and states to sustain their well-being.

4.06 Over the five-year strategy period, CDB will continue to focus on its core areas of strength with Youth Development as a new area of emphasis (see Figure 4) to build social resilience in BMCs in an inclusive and sustainable manner. To achieve this goal, CDB intends to provide policy and technical advice, as well as financing through loans, grants, TA and at the same time, integrate gender, governance, CC measures in all five areas. The initiatives envisaged over the period are expected to contribute directly and indirectly to the achievement of SDGs 1, 2, 4, 5, 6, 8, 10, and 11.

FIGURE 4: <u>BUILDING SOCIAL RESILIENCE</u>



<u>Education and Training</u>

4.07 For CDB, education is a “a critical enabler of social and economic development, and the fountain head for human capital formation”, which is expected to create “an ever expanding pool of productive Caribbean citizens with the knowledge, skills, attitudes and values necessary to lead purposeful and productive lives in an internationally-competitive environment”. CDB also views “investment in education as critical to the strengthening of mechanisms for full participation in the development process”. This perspective is reflective of the framework for social resilience, which is one of the strategic outcomes undergirding the Bank’s new Education Policy and Strategy (2017). The focus on the coping, adaptive and transformative social resilience capacities is evident in the education investment choices that are made by BMCs and supported by the Bank.

4.08 Consistent with the Bank’s new Education and Training Policy and Strategy, the following are key social resilience interventions in education, which the Bank will support over the period:

Universal Access and Participation

Promoting universal access and full participation in education and training. This outcome requires inclusive access to quality learning from early childhood through to tertiary education and lifelong learning opportunities.

Quality Education

Providing high quality, inclusive and relevant education and training experiences, including a greater focus on student-centered teaching and learning processes, support programmes for learners-at-risk such as those with special education needs and PWDs and solutions to address gender stereotypes and gender differentials in the access to educational opportunities.

Coverage with ICTs

Maximising modalities such as Information and Communication Technologies (ICTs) to reach underserved communities and providing demand-driven education and training for the technologically driven world of today and the future.

Stakeholder Engagement and Empowerment

Supporting wide stakeholder engagement and empowerment, including increased decentralisation and devolution of the management of educational institutions to communities and effective student governance programmes.

Governance, Risk Management and Monitoring and Evaluation

Promoting an integrated governance model, supported by appropriate information systems for managing associated risks, monitoring and evaluation and accountability for development results.

Resilient Infrastructure

Providing 21st Century learning spaces designed and built according to DRR principles, as part of the economic infrastructure able to withstand adversities, especially those associated with CC.

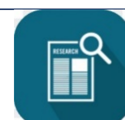
Emotional Intelligence and Coping Skills

Mainstreaming social and emotional intelligence, life skills and education for sustainable development.

<u>Agriculture and Rural Development</u>

4.09 CC and natural hazards pose a key threat to agriculture and rural development in the Caribbean. These impacts, coupled with economic downturns and adverse market conditions, erode the gains of the fragile regional agri-food systems. Hence, resilience mainstreaming and reengineering of agriculture production and agri-food systems should be advanced to reposition the agriculture sector within BMCs. Primarily, agriculture resilience is concerned with equipping farmers, fishers, processors and other actors along the value chain to absorb and recover from shocks and stresses to their production and livelihoods. It requires a multi-pronged approach with interventions at the policy, programme, and project levels. Agriculture resilience is hinged to social resilience, which builds the coping, adaptive and transformative capacities of individuals, households, groups, communities and countries to sustain their well-being.

4.10 CDB's resilience mainstreaming initiatives, such as building coping, adaptive and transformative capacities in the agricultural sector of BMCs, are outlined below.

COPING CAPACITIES		
		
Improved agri-food system infrastructure such as roads, farm buildings, irrigation systems, and fisheries infrastructure.	Capacity building for value chain actors and other stakeholders.	Emergency response strategies and agriculture insurance.
ADAPTIVE CAPACITIES		
		
Climate-smart agriculture.	Early warning systems and rural ecosystem management including integrated pest and disease management and water management.	Marine resource management.
TRANSFORMATIVE CAPACITIES		
		
Research and innovation in climate-smart approaches best suited for mainstreaming resilience into agri-food systems and addressing the root causes of vulnerabilities particularly in rural communities and among marginalised groups such as women and youth.		

Community Development and Participation 

4.11 The provision of community assets and services provides buffers to cope with stressors. Enhancing human resources capacity through education and training provides the skills for adapting to existing and new threats. The transformational effect is achieved through community participation and empowerment which enable the most vulnerable to be directly involved and take ownership of sub-project interventions, nurturing community change processes, and thereby sowing the seeds for community members to become protagonists in stemming intergenerational poverty.

4.12 The Basic Needs Trust Fund (BNTF) will remain as CDB's flagship poverty reduction programme. The grant-funded Programme will continue to provide social and economic infrastructure, human resources and livelihood enhancement services at the local, national and regional levels in nine participating countries. The Programme is distinguished by its community-targeted, demand-led, participatory approaches to engaging with vulnerable segments of the society for sustained people-focused, development. The key sectors are Water and Sanitation; Basic Community Access & Drainage; and Education & Human Resource Development. Key priority areas of intervention are Capacity Building, Institutional Strengthening, Citizen Security, GE, and Youth.

4.13 Overall, the Programme will continue to allocate and utilise its resources to reduce economic and social vulnerabilities, facilitate local ownership of the investments and enhance social capital within each community, especially among at-risk groups, indigenous people, PWD, the elderly living alone, those affected by disability, school-aged youth, households with large numbers of youth and elderly dependents, and more so when these groups are located in rural areas or depressed inner-city locations.

Water and Sanitation

4.14 Access to reliable, clean and safe water and sanitation is a key prerequisite for improved quality of life and life of the Caribbean people. The importance of water and sanitation in development is highlighted in SDG 6 – ensure availability and sustainability management of water and sanitation for all. Water-related ecosystems such as rivers, lakes, aquifers, forests, and mountains play an important role in attaining the SDGs as well as the national and sectoral development goals of BMCs by providing drinking water as well as for key sectors, such as agriculture and tourism.

4.15 Despite their importance, these ecosystems are being degraded due largely to physical encroachment associated socio-economic and infrastructure developments, such as increased economic activities, rapid urbanisation, and population growth, which have negatively impacted these systems. The consequential risk factors comprise pollution, land degradation and deforestation, poor solid waste and liquid waste management and disposal practices, water scarcity, and deterioration of water quality, among other things. The situation is exacerbated by CC-related threats including sea-level rise and intense and frequent storms, hurricanes and lengthy drought periods.

4.16 In order to balance the growing and competing demand for water from various sectors and users, CDB's interventions will focus on protecting and restoring water-related ecosystems, increasing water efficiency and improving water management. As a result, financial and technical support will be provided in water and sanitation services, including policies, strategies, regulatory frameworks, infrastructure, capacity building and hygiene training. The overall aim is to develop sustainable, efficient and climate-resilient water supply systems in BMCs.

Youth Development

4.17 Youth in the Region are more educated, have access to better health care and to information than those in older generations. They also possess an affinity for using new technologies which are essential to function in a digitally connected global community. In addition, young men and women are already able to identify and deliver creative and innovative responses to development challenges and contribute to resilience building in their communities. Importantly, to advance youth development goals, BMCs have made progress in developing youth policies within the national framework to pursue realistic outcomes for youth and accentuate their positive impact on development processes. Notwithstanding the investments to date, many young men and women in the Region are confronted with serious challenges and too many are unable to self-actualise. These challenges include limited opportunities for decent work (including employment and entrepreneurship) and relatedly, youth poverty, limited mobility, and social exclusion, which are linked to the disproportionate representation of youth as victims and perpetrators of crime and violence and other risky behaviours.

4.18 There are several issues that stymie a cogent youth development response at the country and institutional levels. These include:

(a) policy environments characterised by inconsistent political support, under-resourcing and inadequate investment mechanisms for positive youth development;

(b) capacity constraints linked to the relevance of the institutional frameworks and competencies of youth development practitioners and youth-serving organisations and networks;

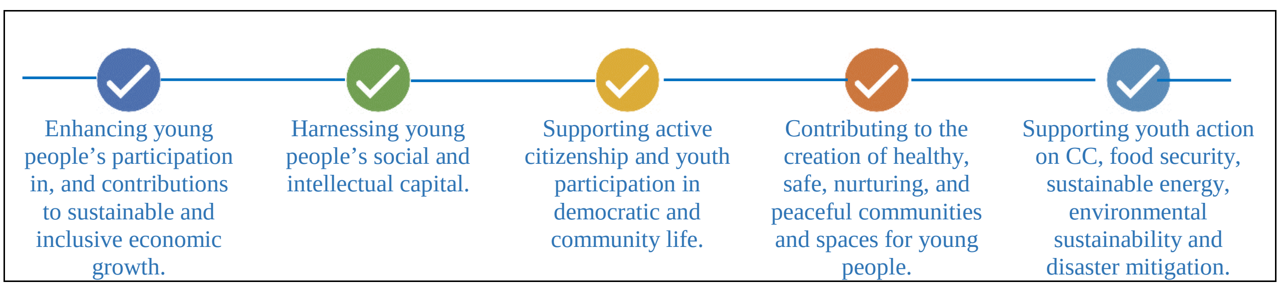
(c) fragmented and siloed approaches to youth development programming;

(d) inadequate evidence-based policy frameworks and a policy-practice gap; and

(e) insufficient engagement and participation of young people in development processes.

4.19 CDB recognises that youth are not a homogeneous group and that their access and outcomes are linked to intersecting and overlapping identities and categorisations such as sex, age, race, ethnicity, religion, disability among other factors. Acknowledging and strategically addressing these differences will be critical when designing interventions. CDB's interventions will be shaped in part by its forthcoming Youth Policy and Operational Strategy (YPOS). As outlined in Figure 5, YPOS will be informed by strategic pillars of integrated action designed to build on good practice and catalyse innovative responses.

FIGURE 5: STRATEGIC PILLARS OF YPOS



4.20 The Bank will support psychosocial, mental health and wellness programmes for youth in- and out-of-school, provide information, TA and financing for youth-led and owned interventions. The Bank's efforts will be delivered using a dual-track approach of targeted positive youth development investments. In so doing, the Bank will ensure that the institution and BMCs have the appropriate technical capacity to support youth development.

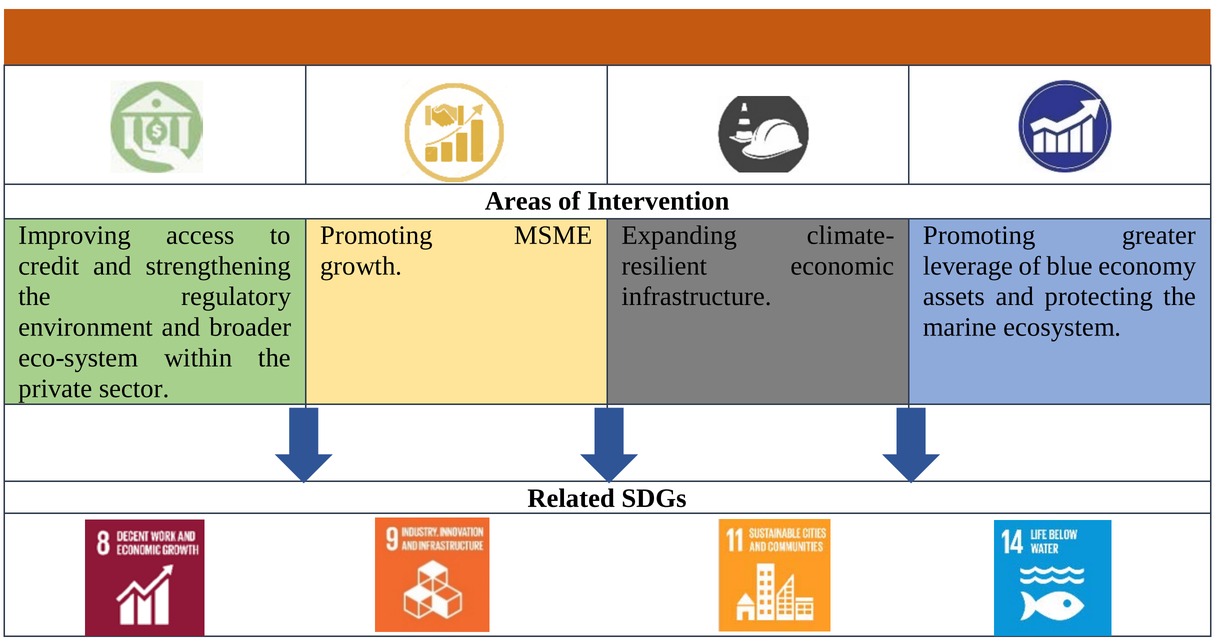
4.21 Against this backdrop, the Bank will undertake youth development through systematic analysis, building in-house and stakeholder capacity to undertake such analysis, and to better track and report on youth-related development outcomes. In line with country commitments to the SDGs and to the principle to "Leave No-One Behind", emphasis will be placed on measurements of progress in outcomes for vulnerable and at-risk youth including youth with disabilities, young women and indigenous youth. Among other approaches, the Bank will seek to include appropriate youth outcomes in the design of sector policies, Country Engagement Strategies and project appraisal documents.

Building Economic Resilience

4.22 Building economic resilience, transforming economies and tackling vulnerability require an integrated approach to industry, innovation and infrastructure. Crowding-in the private sector more into the development frame requires action on parallel tracks that respond to risk considerations given market idiosyncrasies. CDB's BMCs possess some characteristics that function as important components of their development context. The countries are small, producing a narrow range of goods and services, relying heavily on imports for consumer and producer goods. This implies that sustainable increases in incomes and standards of living require sustained growth in exports. However, export concentration is high and BMCs are largely dependent on natural endowments for their export earnings, either in the form of mineral deposits or tourism assets. This high export concentration exposes BMCs to the fortunes of one or two sectors – sectors that are subject to significant variability - creating significant income volatility and low growth. In essence, high export concentration has severely compromised the resilience of the economies of CDB's BMCs, especially when compared with other small states.

4.23 Consistent with SDG 9 on building resilient infrastructure, promoting inclusive and sustainable industrialisation and fostering innovation, CDB's effort under the strategic pillar of building economic resilience focuses on four principal areas. These are presented in Figure 6 below.

FIGURE 6: <u>BUILDING ECONOMIC RESILIENCE</u>



4.24 The interventions will be informed by recently-approved policies and strategies, regional policy dialogues, as well as empirical and other analytical work undertaken by the Bank. These include the Private Sector Development Policy and Strategy (2017), Transport Sector Policy and Strategy (2019) and the Financing the Blue Economy: A Caribbean Development Opportunity (CDB 2018).

Improving Private Sector Development and Competitiveness

4.25 Competitiveness is a necessary condition for achieving private sector development and export diversification. Competitiveness relies on good infrastructure and institutions that minimise costs, maximise factor productivity and support the emergence and sustainability of enterprises. Poor roads and ports add to the cost of transiting inputs and outputs within and outside of the country. Similarly, outdated institutional frameworks, including paper-based systems and poor business processes in regulatory agencies, lengthen the time taken and the resources necessary to navigate these regulatory processes, thus increasing the cost of getting goods to market.

4.26 There are a number of indices and indicators that are used to compare the quality of infrastructure and institutions across countries with respect to their impact on competitiveness and productivity. The WB Doing Business indicators speaks to 10 regulatory areas that cover the life cycle of a business. The Doing Business ranking includes 14 BMCs, which were ranked at an average of 126 out of 190 countries in 2019. This implies that the regulatory framework within which businesses operate in the Region are relatively more cumbersome and costly than in other countries, which places enterprises operating in these countries at a disadvantage when stacked up against their counterparts in other countries.

4.27 The institutional upgrades that are essential to improve competitiveness are largely similar across countries. These include:

(a) Property registration, which can be a lengthy and involved process in the Region.

(b) Resolving Insolvency, where there is a pressing need for the improvement of the legislative framework for resolving insolvency in the Region.

(c) Enforcement of Contracts. Investor confidence depends heavily on the ability of the court system to deliver speedy judgment on contract disputes. Indeed, empirical evidence suggests a strong link between improving this area and growth.

4.28 With respect to gender considerations, the Bank recognises that there is unequal participation of men and women in private sector enterprises. Persistent gendered occupational segregation and differential wages are pervasive in both formal and informal sector employment across the Caribbean. Women and youth in particular encounter significant barriers to participation in economic activities due to limited access to finance, assets and collateral. Therefore, the Bank will ensure that its interventions in the private sector will address these barriers and constraints through specific activities that enable equitable participation by female and male entrepreneurs and business-owners to the breadth of economic opportunities.

4.29 Against this backdrop, the Bank will provide support that specifically target improvements in the doing business environment in BMCs. The Bank will continue to support policy-based operations and TA interventions at both the macro and sector and institutional levels to encourage appropriate policy and institutional reforms to address private sector development constraints. Further, CDB will deepen financing infrastructure for economic and human capital development in the public and private sectors using direct lending, TA and PPPs as appropriate. The Bank will more aggressively explore entry points for direct private sector lending using appropriately priced resources based on the Bank's risk appetite.

Promoting Micro, Small and Medium-sized Enterprises Growth

4.30 Although general access to financial services is good in the Region, the access to finance of the MSMEs is made difficult by a number of factors. These include the high cost of doing business which undermines profitability and growth. Beyond this, support services, training, and venture fund ecosystems that support equity investment are critical constraints that need to be addressed. The Bank intends to play a strong role in enhancing the bankability of the MSME sector by targeting a number of these constraints. Improving MSME access to finance will be a priority. Increased effort will be directed towards enhancing the capacity of financial institutions (FIs) to design market responsive and effective MSME lending programmes including support for the development of innovative solutions to collateral issues, among others. The Bank will also continue to specifically target the issue of women and youth access to finance as part of its broader attempt to remove the barriers that challenge the involvement of these groups in enterprise development. As part of the efforts to encourage innovation, the Bank will explore additional avenues for supporting the growth of MSMEs in sectors identified as having growth potential for economic diversification including the creative industries.

Expanding Climate-Resilient Economic Infrastructure

4.31 In relation to infrastructure, a CDB-commissioned study estimated that the level of spending necessary to increase productivity and competitiveness, boost trade and lead to economic growth over the 10-year period to 2025 was $21.4 bn. It is expected that half of this will be financed by governments under a business-as-usual scenario. Closing these infrastructure gaps will be an important part of building economic resilience in BMCs. CDB will continue to support BMCs to close infrastructure gaps in the transport sector (roads, airports, and seaports) as well as help countries respond to issues of water scarcity. The Bank's interventions will be guided by a revised Transport Sector Policy, Strategy and Operational Guidelines expected to be completed in 2019, as well as capacity building, which includes the integration of climate resilience in the road transport sector. In addition to hard infrastructure development, the Bank will also focus on supporting good governance, planning and transparency; capacity building through improving access to finance, strengthening disaster management and technical capabilities, strengthening institutional and regulatory frameworks; improving data and analytics through the establishment and wider sharing of planning data. With increased emphasis on helping BMCs to build back better and stronger and strengthening investment outcomes, CDB will continue to embed climate resilience measures into infrastructure design and implementation, with Climate Risk and Vulnerability Assessment (CRVA) as the main decision tool.

Promoting Greater Leverage of the Blue Economy Assets

4.32 WB (2016) estimates that the global ocean covers more than 72% of the earth's surface and, as such, is responsible for providing food, jobs, and recreation for a large portion of the world's population. For the Caribbean region, driving production from the oceans and seas is not a new economic frontier. Traditional ocean-based industries (e.g., tourism and offshore oil) have driven economic growth in several BMCs. Greater investments in newer industries with strong growth forecasts (shipping logistics and ocean-based RE) provide a path to increased economic diversity and resilience. The blue economy can be an effective strategy for the Region to tackle many of these challenges. Defined as "a sustainable ocean economy, where economic activity is in balance with the long-term capacity of ocean ecosystems to support this activity and remain resilient and healthy" (Economic Intelligence Unit 2015), the blue economy can help drive the triple bottom line of sustainable development, via opportunities for enhancing social well-being, economic growth and environmental protection. A recent CDB study – *Financing the Blue Economy: A Caribbean Development Opportunity* highlighted its importance and suggested innovative financing tools, leveraging lessons from around the Region and the globe.

4.33 Challenges to a blue economy strategy largely fall within four broad areas: resources; institutions; regional integration; and output. Financial challenges are among the chief impediments to the blue economy. Significant levels of investments are needed to develop both physical infrastructure and human capital. On the institutional front, there is not a clear and unified policy framework that captures the many separate industries included in the blue economy. Marine resources are insufficiently assessed and managed at both the national and regional levels. Given that the ocean resources are shared, a blue economy policy needs some multi-state buy-in and adherence. Regional integration is a sensitive, yet critical input to protecting these shared resources. This notwithstanding, there are many trade-offs that need to be balanced. For instance, rapid growth in tourism, given coastal assets and waste disposal coupled with significant urbanisation (SDG 11) often conflict with blue economy objectives. Informed by its 2017 research, CDB will focus its support on capacity building to measure value added in the sector, policy and strategy development, awareness building, support for niche project in the fishing sector, port development and expansion.

Building Environmental Resilience

4.34 Unsustainable approaches to development have resulted in visible environmental degradation in BMCs. Increasing pressure on land, watersheds, terrestrial habitats, coastal and marine ecosystems, hinders the ability of natural resources to maintain their ecological functions. Additionally, improper management of these natural resources constrain their ability to provide ecosystem services that are essential for coastal protection, water quality and quantity, food security, sustainable livelihoods (particularly for the poor) and for economic development in BMCs.

4.35 Climate-related disasters tend to have a disproportionate impact on the most vulnerable groups, especially the poor and vulnerable who have less capacity to protect themselves and to adapt or recover losses. There is also increasing concern with gender-specific climate impacts. The gender dimensions and differential impact of CC and disaster risks on the lives and livelihoods of women, men and their families influence the vulnerability of households and the likelihood of increasing poverty. Environmentally sustainable development and improving the capacity to cope with CC and disaster risks and impacts are therefore crucial to reducing poverty among the most vulnerable populations in BMCs.

4.36 The significant social and economic costs resulting from BMCs' vulnerability to CC impacts translates directly into adaptation needs. To build resilience, BMCs must invest in appropriate CCA measures for key economic areas such as agriculture, water resources management, infrastructure and urban development, at the national and community levels. These adaptation measures include ecosystem-based adaptation that manages natural resources efficiently and sustainably and employs biodiversity and ecosystem services to reduce vulnerability and build resilience to CC. BMCs must also incorporate CCA and DRR and management in national development plans and sector policies and strategies.

4.37 Communities are usually first responders in the event of a disaster. Adopting DRR management practices and CCA measures along with enhancing local government and community capacities to respond to and cope with climate-related hazards and natural disasters, are therefore essential to building resilience. Building climate-resilient communities remains a key priority for CDB and is consistent with its 2019-2024 Climate Resilience Strategy and the global, national and local goals and objectives related to DRM and long term sustainable development (SDG 13). As a result, CDB will continue to explore funding possibilities to support and respond to the adaptation needs of communities.

4.38 CDB's core interventions to strengthen environmental sustainability and climate resilience will continue to focus on three priority areas outlined in Figure 7. These interventions will ultimately assist BMCs in meeting their national and global objectives including SDGs.

FIGURE 7: BUILDING ENVIRONMENT RESILIENCE

Areas of Intervention		
Expanding the pool of concessionary resources.	Scaling-up adaptation and climate resilience in climate vulnerable sectors.	Supporting an enabling environment for climate action.
Related SDGs		
5 GENDER EQUALITY	11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION	17 PARTNERSHIPS FOR THE GOALS

Mobilising Concessionary Resources

4.39 The Bank will continue to seek opportunities to leverage its resources, as well as resources from climate finance sources to which it has access, to support BMCs' climate action agendas. The Bank will continue its collaboration with the Green Climate Fund, Adaptation Fund, European Investment Bank and other multilateral and bilateral partners, to increase concessional fund flows to BMCs and to facilitate blending with its own resources.

4.40 Through its private sector operations and PPP advisory services, the Bank will aid BMCs to increase engagement with the private sector on climate investment using PPPs, particularly for investments for critical public infrastructure. The Bank will also provide support to national development FIs to address climate risks, as part of their credit risk due diligence. This support will serve to strengthen knowledge flow and information dissemination about CC to MSMEs and FIs to help inform business decisions.

Scale-up Adaptation and Climate Resilience in Climate Vulnerable Sectors

4.41 CDB will help to deepen and scale-up its action in five climate vulnerable sectors as detailed below.

Climate Resilient Infrastructure

- Apply structural and non-structural measures for resilience and adaptation.
- Leverage its resources to encourage private sector participation in investments (ports, airports, and service utilities) including those with adaptation and mitigation co-benefits such as RE and EE.

Climate Resilient Communities

- Continue to provide assistance to DRR.
- Promote sustainable climate-resilient development and livelihoods at the community level.
- Support basic services through BNTF and other community development and resilience initiatives.
- Promote and support community-driven development interventions that include Early Warning Signals, diversification of livelihoods and eco-system-based adaptation measures.
- Facilitate information and knowledge sharing.

Integrated Resilient Urban Development

Adopt a climate resilient approach that integrates infrastructure development, land use planning, DRM, institutions/governance, social components, and infrastructure investment in urban spaces. This multi-sector approach will link the provision of urban services (energy, transport, water and sanitation, settlement upgrading, i.e. sites and services, drainage and structural flood defences) to BMCs' climate mitigation objectives.

Climate Resilient Agriculture

Intensify efforts within BMCs to build resilience of the agricultural sector to CC impacts. Interventions will focus on, among other things, enhancing capacity and stakeholders' adoption of climate-smart agriculture, and supporting investment in climate resilient infrastructure including irrigation, drainage and coastal protection systems. Weather index-based and parametric insurance for the agriculture and fisheries sectors will also be supported.

Climate Resilient Land and Water Resources Management

Support investments that improve water security and climate resilience of the water sector. These include, sustainable management of critical watersheds to improve water capture and conservation; water infrastructure; sustainable land-use, reduce land degradation and restore vegetation; improving access to sanitation and potable water in urban and rural areas; and programmes to raise institutional awareness of CCA and co-benefits among utility regulators in order to incorporate climate resilience in operations of utilities.

Supporting an Enabling Environment for Climate Action

4.42 The Bank will support the establishment and expansion of data collection and reporting systems for environment, DRR and climate risk monitoring and information systems at both the regional and national levels including strengthening of hydrological and meteorological services to deliver early warning systems for climate related hazards. Actions to strengthen CC knowledge and awareness will be undergirded by adequate and gender-responsive and socially inclusive formal and non-formal learning necessary to build the human capital to sustain climate action.

4.43 Further support will include:

(a) Institutional and capacity building activities to integrate climate risk management into national development planning, investment finance programming and sectoral policies.

(b) Legal, administrative and governance reforms.

(c) Spatial and environmental planning system improvements.

(d) Environmental quality and ecological services, biodiversity protection restoration and improvements.

(e) Participatory governance and administrative processes for climate resilience, DRR and environmental management results oriented education and awareness programmes.

(f) Cooperation and collaborative arrangements within the public sector and between public sector, private sector and civil society, to design, finance and implement climate resilient development initiatives.

Energy

4.44 Although net oil importers have enjoyed the reduction in oil prices, the high cost of energy is still an area of concern to CDB's BMCs as this impacts on, among other things, private sector development and competitiveness. High per capita energy costs also contribute to the fiscal burden in these countries. There is need to rebalance the energy mix to include natural energy resources such as solar, wind and geothermal power.

4.45 As part of their global commitments, CDB and other development partners have collaborated with Caribbean countries including CDB's BMCs, to address the challenges and barriers to energy security. These partnership arrangements are ongoing and will result in Caribbean countries developing a more sustainable energy mix, accelerating their achievement of targets as outlined in various national and regional strategies and global agreements. Scaling up activities to achieve energy security will also assist Caribbean countries with meeting their emission reduction targets as part of their NDC commitments under the Paris Climate Agreement.

4.46 Although most of CDB's BMCs have made progress in developing policies which promote energy security and toward achieving climate objectives including RE and EE, implementation of these policies through reformed legislative, regulatory and incentive frameworks is lagging, In addition, the institutional capacity and the administrative arrangements required for implementation is inadequate. The Bank has also learnt early lessons which will help inform how it goes forward. These include weaknesses in the policy and regulatory framework in BMCs, which represents the single biggest hindrance to rapidly advance of investment in RE; slow implementation of geothermal energy development projects given the significant support required throughout the process; and the need for appropriate financing instruments given the limited capacity of MSMEs to carry debt financing.

4.47 The pace that the Bank has started to make in supporting the energy sector in BMCs must be quickened. This will require the Bank to intensify its level of ambition in the sector. The contribution of sustainable energy development to the growth and development objectives of BMCs remains robust. Nonetheless, the total electricity generation capacity in BMCs is approximately 5,700 megawatts of which approximately 11% is comprised of RE source. Going forward, CDB will seek to consolidate its work in the energy sector. Much of this will be driven by its Energy Sector Policy and Strategy given its overarching focus on the promotion of RE/EE.

4.48 In general, the energy sector challenges and opportunities identified in BMCs, represent prospects for CDB to continue to provide support in line with its focus on building resilience, increasing economic growth and reducing poverty and inequality. Areas identified for support include, energy infrastructure investments, sector and market reforms, RE and EE interventions on supply and demand sides, capacity strengthening, energy services business development in MSMEs, and energy services for vulnerable groups, including rural and hinterland populations.

4.49 CDB will seek to assist BMCs in transforming the energy sector, increasing energy security and facilitating sustainable economic growth by:

(a) Strengthening human and institutional capacities across the sector to efficiently and effectively plan, administer, and facilitate investment decisions, as well as to build awareness.

(b) Assisting in the timely provision of adequate, affordable, reliable, and clean energy services, to all segments of the society.

(c) Establishing the energy sector as a dynamic economic sub-sector; focussed on a green energy industry; and be a key regional energy sector development financier, to serve as a catalyst for attracting concessional resources to the Region, and as an intermediary for financial and TA resources for its BMCs.

Cross Cutting Areas

Digital Transformation

4.50 Within the last two decades, there have been significant strides in advancing the uptake and use of ICTs in the Caribbean, largely due to the liberalisation and increased competition in service markets. Improved infrastructure and affordability have been critical stimulants of internet access and use. For example, the average share of individuals using the internet in individual BMCs increased from 24% to 59% between 2005 and 2016 (ITU, 2017)[22/]. However, these strides are not evenly distributed. More than half of BMCs' citizens have not benefitted significantly from these Region-wide advances.

4.51 Digital transformation will be a cornerstone of the Bank's new Strategy. The Bank acknowledges that an effective digital transformation process will require a holistic approach to change[23/]. Managerial and technical skills development, the articulation of the appropriate governance structure, a competitive communication infrastructure and ICT industry are core components of a digital-driven economy. The Bank will utilise its lending and non-lending services, including knowledge products, to deepen ICT development as an important growth enabler and to help improve BMCs' digital adoption index ranking[24/]. The Bank will infuse technology in traditional areas of lending including education and agriculture to improve development outcomes.

4.52 The Bank will leverage technology to boost internal efficiency, enhance service delivery to its clients and drive down overall operational cost. The Bank will also support BMCs to close the digital divide. The

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[22/] ITU is the United Nations specialised agency for ICTs.

[23/]CDB's Digital Transformation Initiative is in full swing internally. The Strategy focuses on four pillars initially: (1) collaboration and productivity; (2) data democratisation; (3) business resilience; and (4) smart partnerships.

[24/]The digital adoption index is a worldwide index that measures countries' digital adoption across three dimensions of the economy: people, government, and business. The index covers 180 countries on a 0–1 scale, and emphasises the "supply-side" of digital adoption to maximise coverage and simplify theoretical linkages. The overall digital adoption index is the simple average of three sub-indexes. Each sub-index comprises technologies necessary for the respective agent to promote development in the digital era: increasing productivity and accelerating broad-based growth for business, expanding opportunities and improving welfare for people, and increasing the efficiency and accountability of service delivery for government. Originally constructed as part of the World Development Report 2016: Digital Dividends. Haiti is currently the lowest ranking BMC at 161st while Trinidad and Tobago is the highest ranked at 64th.

articulation and implementation of an appropriate digital strategy will allow countries to exploit the full developmental benefits of digital technologies, including inclusive and sustainable growth, improved governance, enhanced competitiveness and responsive service delivery.

Regional Cooperation and Integration

4.53 RCI can play a critical role in accelerating economic growth, reducing poverty and economic disparity, raising productivity, and strengthening institutions. In particular, it has the potential to narrow development gaps between the More Developed and Less Developed Countries in the Bank's membership. It can do so by facilitating trade integration, the development of intra-regional supply chains, and stronger financial links, and enabling slow-moving economies to speed up their own expansion.

4.54 Key challenges and constraints experienced by BMCs thus far revolve around four issues. These include the lack of improvement in market access; delays in effecting movement of factors (mainly rights of establishment); the slow pace in advancing the free movement of skills; and the perception of uneven benefits due to persistent delays in meeting the commitments and obligations of the CARICOM Single Market and Economy.

4.55 Over the next strategic planning period, the Bank will intensify its support for improving trade facilitation as a means to increasing intra-regional trade and investment. In particular, initiatives will focus on assisting BMCs to improve their quality assurance infrastructure and reducing barriers to trade.

Gender Equality

4.56 GE will continue to be a critical development priority for the Bank. The Bank's newly-approved Gender Equality Policy and Operational Strategy (GEPOS) will help inform its strategic guidance and launch the Bank into a new phase of delivering on its GE mandate. This new Strategy takes on board the lessons and results of the investment in GE over the past 10 years. The new GEPOS will affirm the Bank's commitment to corporate values that uphold diversity and inclusion. Further, it will reflect on gender issues in the external environment, highlighting patterns in work as it is evident in the gender-based labour market segmentation in the Caribbean region, trends in education, crime and violence to include gender-based violence, and poverty. With the 2019 GEPOS, CDB also commits to GE as an intrinsic component of the Bank's international development mandate and a critical aspect for advancing poverty reduction in the Caribbean. As such, the Bank will strengthen its focus on integrated approaches (gender mainstreaming) while also committing to explicit activities (gender-targeted) that tackle the root causes and manifestations of gender inequalities through all Bank policy dialogue and operations. In this regard, the Bank re-emphasises the importance of GE as a cross-cutting theme to be integrated into all thematic areas.

Governance

4.57 Governance matters. Strong policies that are transparent and inclusive coupled with robust institutions lead to better long-term sustainable development outcomes. Good governance will therefore continue to be a priority for the Bank. Governance can be underpinned by four pillars. These include:

(a) Openness and Transparency (Actions in accordance with rules and regulations and Public access to information).

(b) Accountability and Integrity (Rules and Procedures that reflect to legitimate needs; and functional mechanisms for investigation and prevention of corruption).

(c) Equity and Fairness (Opportunities available for fair chance regardless of status). Fair treatment based on needs and requirements to have access to same opportunities.

(d) Civic Engagement and Public Participation (Representation especially by marginalised and Citizens' voice in decision making).

4.58 Good governance will continue to be mainstreamed throughout all of the Bank's operations including through its procurement systems; detailed reporting structures and through its three lines of defence in its enterprise risk management framework and the Office of Integrity, Compliance and Accountability. The Bank will also leverage its policy-based instruments to strengthen policy frameworks at the country level. Moreover, it will continue to provide support to BMCs to improve national statistical systems, public financial and investment management systems, and results-based management, to promote greater efficiency in the management of public resources and improve evidence-based decision making.

Building Institutional Resilience

4.59 Building institutional resilience is a core dimension of the new Strategy. The Bank is intent on becoming a more efficient organisation characterised by quicker decision-making, greater responsiveness and added value to its client. These are important calls from stakeholders. Relatedly, the Bank intends to preserve its financial viability by limiting the growth in operational costs while exploring ways to expand revenue growth.

4.60 There are four constituent parts of building a stronger CDB. These include:

1 ***Implementation***

Confronting a growing implementation challenge that has given rise to large undisbursed balances thereby undermining the Bank's development effectiveness and income growth.

2 ***Transformation Agenda***

Pursuing a broader transformation agenda that promotes greater agility within the institution.

3 ***Membership***

Expanding membership to strengthen capital and diversify portfolio risks.

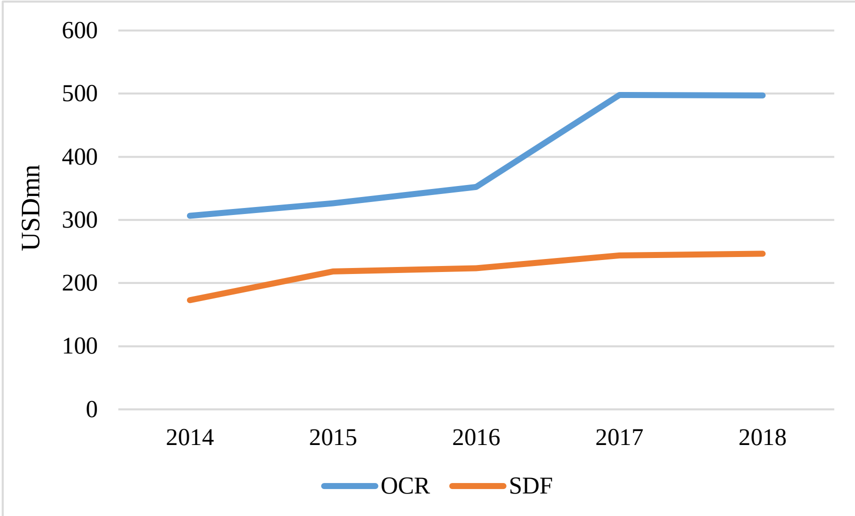
4 ***New Products***

Increasing the range of products offered by the Bank.

<u>Implementation</u>

4.61 Effective implementation of projects and quick disbursement of loans and grants are critical to the business performance of the Bank and in securing the development impact of the interventions. The implementation rate for Bank-financed projects has declined over the past five years with this trend being reflected in disbursement performance. The DER for 2018 indicates that the disbursement ratio on the Investment Loans Portfolio, given the disbursements as a percentage of the undisbursed balance at the beginning of the year plus new loans entering the portfolio during the year, declined to 11% in 2018 compared with 16% in 2017 and a target of 18% by end 2019. The ratio has been consistently below the forecast target during the past five years (at 14%, 13% and 14% at over the period 2014-16). This performance has given rise to large undisbursed balances which has risen from \$480 mn in 2014 to approximately \$750 mn by end 2018 (see Figure 8 below) and projected to increase by approximately \$200 by the end of 2019.

FIGURE 8: UNDISBURSED BALANCES BY SOURCE OF FUNDS: 2014-18



4.62 An analysis of the undisbursed balances as at June 2019 indicates that approximately 87% of the total was captured in procurement (80%) and design stages (17%). This suggests that the undisbursed balances cannot be significantly reduced unless the Bank prioritises these two areas in its plan in addressing implementation.

4.63 The implementation challenge can be decomposed into challenges at the country level, as well as those internal to CDB. At the country level, limited capacity and lengthy contract approval processes tend to affect the tendering and evaluation processes which act as a drag on procurement and ultimately undermine the project start-up and implementation. Further, shifts in country priorities on account of factors such as natural hazard impacts, can also adversely impact project implementation. Project management expertise which is critical to successful project execution, is limited resulting, in many instances, with over-burdened project implementation units. Within CDB, the primary challenges are around project readiness, business culture and resourcing. The Bank's portfolio analysis highlights issues around weak quality at entry standards for some projects particularly those related to Rehabilitation and Reconstruction Loans, where project designs are absent and arrangements for project management not yet concluded. These factors undermine project implementation with concomitant adverse consequences for disbursement levels. The final factor is around insufficient resourcing within the Bank to adequately service our clients. There is also a need to ramp up the Bank's presence in strategic locations where the cost-benefit analysis justifies such action.

4.64 The new Strategy acknowledges that it cannot be business as usual and is taking an aggressive approach to building institutional resilience, in part, through improved project/programme implementation. The Bank has started to implement a series of reforms to address its efficiency and effectiveness as a development institution. While some of these initiatives commenced in 2019 or prior, there is recognition of the need for some actions to be deepened.

4.65 Implementation support will be provided on a continuous basis to countries and will focus on providing assistance to and strengthening the capacity of project implementation teams to enhance performance and achievement of results. This support will be provided throughout the project cycle from identification to evaluation by external experts financed by the Bank in the short term.

4.66 Internally, the Bank will continue to leverage its recently approved Procurement Framework, which provides greater flexibility in the procurement process. The new process will allow for enhanced delegated authority and better leveraging of technology for improved speed and accuracy which is expected to contribute to faster disbursement to BMCs. Urgent action will be taken to improve the Bank's business culture by rolling out a new incentive regime for project implementation including a rapid escalation and accountability model. It will promote greater project readiness by ensuring that important decisions that impact project implementation are concluded 'prior to Board presentation' rather than 'prior to first disbursement'. In that regard, the Bank will also explore the reintroduction of a project preparation facility and review the traditional project financing model to ensure that project implementation support is adequately resourced. Greater flexibility in project design will allow for quick responses to changes in the external environment. This approach will increase the agility of the Bank and its responsiveness to clients.

4.67 The Bank remains committed to maximising its resources towards meeting its operational targets and goals and at the same time, promoting a healthy and engaged workforce. In this regard, CDB will continue to use the engagement pulse survey as a key strategic tool to improve staff engagement and feedback on workplace matters. Similarly, CDB intends to expand its engagement with BMCs through broad-based consultation and feedback aimed at improving operational effectiveness and service delivery. Client feedback including beneficiaries' and users' perceptions of the quality of the Bank's operations and development effectiveness will allow for more evidence-based decision making and a more targeted approach to achieving development goals.

4.68 CDB will continue to focus on knowledge management and lesson learning through various self-assessments and independent evaluation initiatives, which are critical to the project cycle management process with respect to the design of future projects and implementation of on-going projects. They will also strengthen Office of Independent Evaluation's accountable and learning objectives, as well as enhance development effectiveness.

<u>Transformation Agenda</u>

4.69 To improve institutional resilience more broadly, the Bank will leverage its recently embarked upon Transformational Programme. The Programme focuses on, profitability through cost reduction and growth initiatives, maximisation of existing and introduction of new capabilities, rapid technological evolution, as well as reimagining the structure of the organisation. CDB has reviewed all of its business processes, both in the operational and corporate services areas, with a view to rationalise workflow and eliminate waste in the process flow. A key component of the Transformation Programme is the roll out of a new IT Strategy. As part of the IT Strategy, the Bank will adopt appropriate technology solutions to reduce cycle time and staff effort while improving client satisfaction. The productivity gains expected from better utilisation of resources will support a stronger disbursement performance and enhance the Bank's service delivery and development effectiveness. In relation to capabilities and the wider workforce strategy, CDB intends to gradually transition to resourcing the Bank more on an open talent principle which emphasises more access to talent, than the ownership of the talent itself. This move to open talent sourcing will contribute to ensuring that the Bank's skill inventory is always updated and ready to execute the Strategy. This approach will reduce the number of FTEs and increase the resourcing of the Bank's work through partnerships, consultancies and "staff", who are part of the value chain but who reside on someone else's balance sheet. This flexible resourcing approach will allow the Bank to get work done in a more distributed way and bring expertise to support its development agenda without the long-term fixed cost arrangements.

<u>Expanding Membership</u>

4.70 The Bank's lending operations remain quite concentrated in spite of robust efforts to diversify the portfolio. At the end of 2018, the share of total exposure by the five largest borrowers (Barbados 16%, Jamaica 14%, Antigua and Barbuda 11%, Belize 10%, and Suriname 7%) was 58% although down from the 63% to the five largest borrowers in 2015. The concentrated nature of the portfolio, as well as the underlying rating of the exposure, have several implications for the financial strength of the Bank. These include the need to set aside larger volumes of capital to cover these perceived risks. To respond to this challenge, CDB will intensify its membership drive. This will include strategic non-borrowing and borrowing members.

<u>New Products</u>

4.71 Enhancing the Bank's agility and capacity to respond to its BMCs will require that its lending products are refreshed. This also comes against the backdrop of an already small and increasingly competitive market space, where donors are constantly reviewing/renewing their product offerings. The Bank has at its disposal, a range of products that has served it well thus far, including investment and policy-based lending, guarantees and grants. Going forward, the Bank will seek to refine its existing arsenal of products including:

- ✓ Greater use of the programmatic approach in addressing country needs within specific sectors.
- ✓ Multisectoral loans particularly in the area of climate resilience where loan and grant resources could be used to address DRR/CC mitigation and adaptation outcomes that could have sector spatial focus in rural or urban areas.
- ✓ Expanding the application of policy-based operations to other sectors such as education, agriculture, infrastructure, and DRR/CC.
- ✓ Exploring the increased provision of investment loans without sovereign guarantees to eligible state-owned enterprises and development finance institutions.
- ✓ Expanding the use of equity and partial credit guarantees to support enterprise development.
- ✓ Blending policy reform with investment loans in areas that require both institutional and hard infrastructure assistance.

4.72 To support the three SOs, the Bank intends to focus its efforts on 18 corporate priorities while continuing to respond to new developments and challenges within the Region. Appendix 1 provides a summary of the corporate priorities.

5. RESOURCE REQUIREMENTS FOR STRATEGY EXECUTION

Financial Resources

5.01 The investment needs required to close development gaps in the Bank's BMCs are significant. Better and more resilient infrastructure services are essential inputs to productivity, economic growth and poverty reduction in the Region. The transformation agenda being pursued by most of the Bank's BMCs in an effort to climate proof investment, harness clean energy while adopting more digital technologies for a future-ready population, require financial resources that outstrip the capacity of any single development partner. Notwithstanding the significant investment requirements, BMCs continue to be saddled with heavy debt loads which undermine their development effort.[25/] The implications of this scenario of large development needs along-side onerous debt burden is that countries will have to be judicious in their formulation of PSIPs and seek to tap resources that add greater development value than they do to debt accumulation. In this context, financial and TA being provided by CDB and similar development partners are expected to be the preferred choice of development funding being accessed by BMCs.

General Approach

5.02 The thrust of the financial projections and analyses, therefore, is that there is urgent need for CDB to help close development gaps in BMCs and bring them closer to realising their development agenda and targets under the SDGs. This implies a ramped up level of support by the Bank over the Plan period. Against this background, assumptions are made about replenishment levels for the SDF[26/] as an important funding source for a number of BMCs. The forecast also focuses on annual changes in total approval and disbursement levels for Ordinary Capital Resources (OCR). This is done after some inspection of BMCs' investment spend and a rigorous analysis of CDB's historical commitment performance[27/]. The projected financial results of the Bank under three scenarios, a Base, an Optimistic and a Pessimistic, are provided in Appendix 3. In each of these scenarios, the financial position of the Bank is assessed including the ability of the Bank to be compliant with key policy ratios including liquidity, lending,[28/] and borrowing[29/].

5.03 The key assumptions are classified under two categories, viz operational and financial. The core operational and financial assumptions are grounded in Bank's transformational agenda that it is pursuing including its ongoing business process review which commenced in 2018. It is aimed at supporting the Bank's enhanced client-focused approach to its service delivery, as well as greater organisational efficiency and effectiveness. The Bank has placed greater emphasis on having projects approved by its Round Robin process which is expected to facilitate more timely approval of matters by the BOD outside of formal meetings and reduce the bunching of loan approvals at the end of the year. As a result, the forecast assumes a more even distribution of loan approvals throughout the year. Further, the internal reforms being carried out by CDB as part of the improved agility will also facilitate better preparation, design and supervision of projects/loans through quality at entry, implementation and completion requirements. Improving quality of project design and readiness and timely project implementation are key to positive development outcomes and impacts of

[25/] More than half of the Bank's BMCs have debt to GDP ratios in excess of the 60%.

[26/] We assume that SDF 10 programme levels are at least equaled to SDF 9.

[27/] See Appendix 2 for details on the statistical approach.

[28/] The limit on operations provides that the total amount of loans outstanding, equity investments and guarantees shall not at any time exceed the total amount of unimpaired subscribed capital, reserves, surplus and any other funds included in CDB's OCR less the special reserve stipulated in Article 18 and other reserves not available for ordinary operations. As at May 31, 2019, the threshold limit stood at $2.2168 bn while the actual exposure stood at $1,153.2 bn or 49.7%.

[29/] The operating guideline with respect to the borrowing limit restricts CDB's total borrowings to the sum of the subscribed callable capital of investment-grade non-BMCs plus the cash portion of paid-up capital plus retained earnings. As at May 31, 2019, CDB had long-term borrowings of $792.2 mn or 55.2% of the operating limit on borrowings. This leaves borrowing headroom of $644.1 mn.

CDB's interventions. Consequently, the operational performance assumes a reduction in the time taken between Board approval and first disbursement from 7-8 months to 3-6 months. The disbursements forecast reflects, in part, a policy decision by the Bank to systematically reduce the stock of undisbursed balances. As such, there are two components of the disbursements forecast. We first assume a disbursement schedule for the current stock of undisbursed balances. Second, we estimate a more even distribution of disbursements premised on improvements in project readiness coupled with enhanced in-country procurement management capacity and greater 'in-country' presence by the Bank. Disbursements are, therefore projected to outpace approvals in all of the scenarios except for the final year of the strategy.

Projected Financial Analysis

5.04 The Base Scenario reflects the output from the statistical model employed to derived the 'most likely demand function' given past Bank performance and taking into account, projects identified in current planning documents, including Country Strategy Papers (CSPs) and medium–term investment plans. It also assumes that the appropriate skills mix is available in the areas in which the Bank has identified as strategic priorities. In this scenario, commitments increase from $209 mn in 2020 to $254 mn by 2024. Under the Optimistic Scenario, we assume that ongoing initiatives by the Bank to improve operational performance begins to pay off. This includes enhancing country presence in a manner than increases business leads. In particular, it assumed that the Bank is able to expand its operational programmes in Guyana, The Bahamas and those Overseas Territories underrepresented in the portfolio. In this scenario, approvals increase from $230 mn in 2020 up to $279 mn by the end of the Strategy. The Pessimistic Scenario assumes macroeconomic weakness coupled with a lack- lustre performance of the new engagement approach.

5.05 With respect to financial assumptions, average lending and borrowing rates reflect a spread of 90 basis point throughout the forecast horizon and yields on investments are held constant at 1.8% (see Table 4). With respect to Administrative Expenses, the Base and Optimistic scenarios assume that the Bank's transformation agenda is implemented without lags. This implies that the Bank is able to derive solid value from the additional administrative spend which should be reflected in increased profitability and higher levels of operational efficiency. In the Pessimistic Scenario, a gradual increase in administrative costs is projected assuming a drag in the transformational agenda and commensurate delay in efficiency benefits.

5.06 The projections and analyses are informed by operational and financial assessments which show the impact on capital growth through net income, and the encashment of notes.

TABLE 4: ASSUMPTIONS UNDERLYING THE OCR FINANCIAL PROJECTIONS 2020-24

Item	2020	2021	2022	2023	2024
Operational Assumptions					
Approvals (Base Case)($'mn)	209	219	230	242	254
Approvals (Optimistic Case)($'mn)	230	239	253	266	279
Approvals (Pessimistic Case)($'mn)	167	175	184	194	203
Disbursements (Base Case) ($'mn)*	259	233	231	251	216
Disbursements (Optimistic Case) ($'mn)	268	244	246	269	238
Disbursements (Pessimistic Case) ($'mn)	241	209	201	215	174
- Of which disbursements from stock of 2019 undisbursed balances	169	114	81	68	-
SFR Disbursements	180	170	160	90	65
- Of which SDF	60	60	60	60	60
Financial Assumptions					
Average lending rate (%)	4.3	4.3	4.3	4.3	4.3
Average borrowing rate (%)	3.4	3.4	3.4	3.4	3.4
Spread on lending (Basis points)	90	90	90	90	90
Average annual yield on investments (%)	1.8	1.8	1.8	1.8	1.8
Admin Expenses Base ($'mn) OCR	14.1	12.7	12.2	12.0	12.0
Admin Expenses – Bank as a whole Base	36.3	33.1	33.9	34.7	35.6
Admin Expenses, Optimistic ($'mn) OCR	14.1	12.4	12.0	11.8	11.8
Admin Expenses – Bank as a whole Optimistic	36.8	32.8	33.7	34.5	35.4
Admin Expenses Pessimistic ($'mn) OCR	12.5	12.7	12.9	13.0	13.1
Admin Expenses – Bank as a whole Pessimistic	33.1	33.3	34.8	35.7	35.1
Cash capital inflow from dissolution of Notes	6.0	6.0	6.0	6.0	6.0
Available Capital (Base Case)	903,212	930,316	960,194	994,211	1,031,850
Available Capital (Optimistic Case)	903,331	931,126	961,933	997,326	1,036,891
Available Capital (Pessimistic Case)	904,525	930,836	958,474	989,068	1,022,144

*This assumes that with an improved project management cycle process, the average capital project implementation would be six years. The disbursement distribution profile is assumed to be 5%, 20%, 20%, 20%, 20% and 15% in years 1 through to 6, respectively.

5.07 Table 5 shows the operational performance and changes in borrowing and lending ratios, as well as the Bank's liquidity needs under the Base Scenario. Net Income increases from $19.4 mn in 2020 to $31.6 mn 2024 and provides relatively strong capital growth[30/]. In this scenario, borrowing headroom capacity becomes somewhat limited in 2021, where the percentage of utilised borrowing limit reaches 94.5%. Similarly, the limit on operations is somewhat stretched by 2024 at 76.6%. Administrative expenses relative to disbursements, as an efficiency measure, are projected to show steady improvement over the period from $54.4 thousand per $1 mn of disbursements in 2020 down to $47.8 thousand per $1 mn of disbursements by end 2023. We assume that disbursements would decline in 2024 as the impact from the current stock of undisbursed balances dissipates. Similarly, the cost to income ratio (administrative expenses as a percentage of net income) indicates that there is solid value in the reform exercise. The ratio is forecast to show significant improvement from 72.6% in 2020 to 37.9% by end 2024.

[30/] No allowance is made for any allocation to support the Bank's concessional window over the period given the capital growth priority

TABLE 5: SELECTED KEY INDICATORS – BASE SCENARIO

	2020	2021	2022	2023	2024	Policy Position
Net Income ($'mn)	19.4	21.1	23.9	28.0	31.6	
Gross Loans[31/] (($'mn)	1,445.2	1,561.1	1,666.3	1,782.4	1,847.3	
Borrowing Limit ($'mn)	$1,481.3	$1,508.4	$1,538.3	$1,572.3	$1,610.0	
Amount of Borrowing ($'mn)	230.0	130.0	29.0			
% of Utilised Borrowing Limit	**84.9%**	**94.5%**	**87.4%**	**80.2%**	**77.1%**	
Debt/Equity Ratio	1.36	1.50	1.38	1.26	1.20	Maximum 1.65
Total Lending Limit ($'mn)	$2,323.9	$2,345.0	$2,368.9	$2,396.9	$2,428.5	
Total Exposure ($'mn)	1,457.2	1,574.1	1,679.3	1,795.4	1,861.3	
Percentage of Limit Utilised	**62.7%**	**67.1%**	**70.9%**	**74.9%**	**76.6%**	
Return on Average Assets (%)	0.89	0.88	0.97	1.17	1.33	
Minimum year-end liquidity Required ($'mn)	205.2	199.6	199.2	195.6	210.8	
Liquidity at Year-end ($'mn)	716.5	777.1	601.3	430.1	376.8	
Admin Exp/Disbursements ($000s)	54.4	54.5	52.8	47.8	55.6	
Admin Exp/Net Income (%)	72.6	60.2	51.1	42.8	37.9	

5.08 In the Optimistic Scenario (Table 6), commitments are being fueled by increased business activity from countries with greater levels of borrowing capacity. In addition, it is assumed that process improvements undertaken by the Bank as part of its transformation agenda are paying dividends. Under this scenario, net income grows slightly higher than the Base to reach $33.6 mn by 2024. The borrowing headroom comes under pressure at 94.5% of the allowable limit in 2021, while the lending limit increases to 76.8% by the end of the planning horizon. However, liquidity levels are projected to remain above the required policy levels.

5.09 Regarding the Pessimistic Scenario (see Table 7), Net Income increases from $20.8 mn in 2020 to $27.1 mn in 2024.[32/] Key policy ratios including the borrowing limit and the limit on operations remain elevated. Liquidity levels, however, remain acceptable.

[31/]Given as opening outstanding loans plus disbursements less repayments.

[32/] The better income performance at the beginning of the strategy period reflects assumed delay spending relating to the transformation agenda

TABLE 6: SELECTED KEY INDICATORS – OPTIMISTIC SCENARIO

	2020	2021	2022	2023	2024	Policy Position
Net Income ($'mn)	19.5	21.8	24.8	29.4	33.6	
Gross Loans[33] (($'mn)	1,454.2	1,581.1	1,701.3	1,835.4	1,922.3	
Borrowing Limit ($'mn)	1,481.5	1,509.2	1540.1	1,575.4	1,615.0	
Amount of Borrowing ($'mn)	230.0	130.0	29.0			
% of Utilised Borrowing Limit	**84.9%**	**94.5%**	**87.3%**	**80.0%**	**76.8%**	
Debt/Equity Ratio	1.38	1.52	1.40	1.28	1.22	Maximum 1.65
Total Lending Limit ($'mn)	2,324.0	2,345.88	2,370.6	2,400.0	2,433.6	
Total Exposure ($'mn)	1,466.2	1,593.1	1,713.3	1,847.4	1,934.3	
Percentage of Limit Utilised	**63.1%**	**67.9%**	**72.3%**	**77.0%**	**79.5%**	
Return on Average Assets (%)	0.90	0.91	1.01	1.22	1.41	
Minimum year-end liquidity Required ($'mn)	210.0	208.0	210.8	209.6	226.0	
Liquidity at Year-end ($'mn)	707.6	757.9	568.0	380.2	306.9	
Admin Exp/Disbursements ($000s)	52.6	50.8	48.8	43.9	49.6	
Admin Exp/Net Income (%)	72.2	56.9	48.4	40.1	35.2	

TABLE 7: SELECTED KEY INDICATORS – PESSIMISTIC SCENARIO

	2020	2021	2022	2023	2024	Policy Position
Net Income ($'mn)	20.8	20.3	21.6	24.6	27.1	
Gross Loans[34/] ($'mn)	1,427.2	1,519.1	1,594.3	1,674.4	1,697.3	
Borrowing Limit ($'mn)	1,482.6	1,509.0	1,536.6	1,567.2	1,600.3	
Amount of Borrowing ($'mn)	230.0	130.0	29.0			
% of Utilised Borrowing Limit	**84.8%**	**94.5%**	**87.5%**	**80.4%**	**77.5%**	
Debt/Equity Ratio	1.35	1.50	1.38	1.27	1.21	Maximum 1.65
Total Lending Limit ($'mn)	2,325.2	2,345.5	2,367.2	2,391.8	2,418.8	
Total Exposure ($'mn)	1,439.2	1,531.1	1,606.3	1,686.4	1,709.3	
Percentage of Limit Utilised	**61.9%**	**65.3%**	**67.9%**	**70.5%**	**70.78%**	
Return on Average Assets (%)	0.95	0.85	0.88	1.03	1.14	
Minimum year-end liquidity Required ($'mn)	195.6	182.0	175.2	166.8	178.4	
Liquidity at Year-end ($'mn)	735.8	819.6	671.5	533.0	517.1	
Admin Exp/Disbursements ($000s)	60.7	52.7	61.7	64.7	60.9	
Admin Exp/Net Income (%)	60.2	62.5	59.6	52.9	48.4	

5.10 The main takeaways from the scenario analysis indicates that as the Bank contemplates a more aggressive intervention programme in its BMCs that is consistent with their development needs and growth aspirations, serious considerations will have to be given to its key policy ratios including borrowing headroom and the limit on operations. All of the Scenarios point to pressure on capital to support the lending programme albeit in varying degrees. Similarly, results show a significant utilisation of borrowing headroom particularly

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[33/]Given as opening outstanding loans plus disbursements less repayments.

[34/]Given as opening outstanding loans plus disbursements less repayments.

in the first two years of the Plan. Appendix 3 provide the Incomes Statements and Balance Sheets for all the scenarios presented.

Capital Adequacy

5.11 The Bank currently uses the metric of Available Capital to Economic Capital to gauge its capital adequacy against credit, market and operational risk events[35/]. Currently, the Bank has an extremely strong level of capitalisation which is required to anchor its AA+ credit rating. CDB proposes to transition from the current capital adequacy framework, with a focus on economic capital, to a risk-adjusted capital (RAC) model. The RAC framework is, de facto, more conservative than the economic capital approach and aligns with the risk assessment methodology of the ratings agencies (particularly Standard and Poors) and is also consistent with Basel minimum capital requirement directives. CDB currently has an "extremely strong" RAC score. Sustaining this RAC requires the maintenance of high capital levels. This can be achieved via increased retained earnings, capital injections, and/or reducing risks via improved credit quality and portfolio diversification.

5.12 The RAC is impacted by exposure to, and the credit rating of BMCs in the portfolio. To that extent, the variation in credit quality of BMCs has a direct influence on this metric. Against this background, the important nexus between capital planning and the distribution of the Bank's interventions must be carefully managed.

5.13 The scenario analysis undertaken suggests that both Economic Capital and the RAC may be moving close to the thresholds required for an 'Extremely Strong' credit rating during the period of the Strategy. Indeed, increased lending levels will require the Bank to begin to have discussions with stakeholders around a General Capital Increase (GCI)[36/] over the short to medium term, if it is to maintain a sufficient buffer to: (a) minimise the indirect impact on its balance sheet as a result of a deterioration in portfolio quality on a count of BMC downgrade; and/or (b) if it is to be in a state of readiness to support BMCs in the event of a crisis without being constrained by capital.

6. TRACKING DEVELOPMENT EFFECTIVENESS

6.01 The RMF is the central performance tool that allows CDB to translate its mandate and the Strategic Plan into actions and targets linked to tangible development outputs and outcomes. It covers a wide-range of Bank-assisted interventions which are funded through three main sources of funds, namely, OCR, SDF (U), and OSF including UKCIF. The RMF is supported by data and information from various project-cycle management tools, resource documents and information systems. Together, these sources of information are used to produce the Bank's annual publication, the DER, which is a comprehensive report on the performance of the Bank's operations in relation to the priorities outlined in the Strategic Plan.

6.02 The Review and RMF assesses the development trends, progress and challenges across the Caribbean and in particular, CDB's BMCs and looks at how CDB operations have contributed to their national, regional and global development goals and commitments. It also focuses on how efficiently and effectively CDB manages its operations.

[35/] Available capital is defined as paid-in capital, total reserves, retained earnings and subscriptions paid in advance, less subscriptions not yet due or overdue and demand obligations from borrowers. Economic Capital covers credit, market, and operational risks. It is calculated within the Bank's risk framework as the sum of credit risk economic capital, market risk economic capital, and operational risk economic capital.

[36/] The lending programme will be managed in a way that is consistent with the institution's capital capacity. This will be a core part of the Strategy.

6.03 The Review provides Management, Staff and other stakeholders with a decision-making tool and knowledge product that highlights CDB's successes and achievements and identifies areas that can be strengthened, to improve service delivery with the ultimate goal being to transform the lives of Caribbean citizens and leaving no one behind. The DER is also a key resource document that demonstrates CDB's continued commitment to transparency and accountability to BMCs, its partners, and other stakeholders.

6.04 The RMF has been reviewed and updated to support the three board SOs outlined in the 2020-24 Strategic Plan, namely, Building Social Resilience; Building Economic Resilience; and Building Environmental Resilience. See Appendix 4 for details on the RMF. The revised RMF will monitor and track implementation performance of the Strategic Plan using a four level structure with 69 indicators as follows:

(a) **Level 1 - Caribbean Development Progress - Progress towards SDGs and regional development outcomes (13 indicators)**: This first level of the results framework tracks the Region's development progress through selected development goals and outcomes linked/mapped to global SDG priorities, namely, SDG 1, 4, 7, 8, 10, 13 and 16. They are also consistent with the commitments made by Governments of the Region at a Council for Social and Human Development meeting in May 2018, when the members approved 125 CARICOM Core SDG Indicators.

The outputs and outcome highlighted at Level 1 are not attributed to CDB efforts alone as it is one of many players in the development arena that assist governments in the Region in achieving better development outcomes. They are essentially collective actions of respective countries and the development community. The indicators at Level 1 monitor regional performance in eight areas: poverty and inequality, quality education and equitable lifelong learning, employment opportunities, intra-regional trade, business environments, CC and RE, and governance.

Information from Level 1 indicators will inform CDB's future programming and engagement with BMCs through CSPs, as well as sector strategies and policies. This level also provides the requisite information for assessing the clients' perception of CDB's services including relevance and effectiveness.

(b) **Level 2 - CDB's Contribution to Development Outcomes (28 indicators):** Indicators at this level focus on the Bank's contribution to outputs and outcomes based on its lending and non-lending priorities in its 19 BMCs. They are also linked to the three strategic priorities and eight corporate priorities identified in the Strategic Plan. The domains covered by Level 2 are areas where CDB has its greatest strength and can be linked to country and regional outcomes, Level 1 areas, and SDGs. The priority areas include: education and training, agriculture and rural development, water and sanitation, community development mainly through CDB-grant-funded poverty reduction initiative, the BNTF Programme, economic infrastructure, private sector development and MSMEs, environmental sustainability and DRR, and energy. RCI, GE and governance and accountability are highlighted in the RMF as cross cutting themes. Special attention will be given to PWD and youth during the tracking and monitoring process.

(c) **Level 3 - How well CDB Manages its Operations (20 indicators):** The achievement of Level 2 results is dependent on CDB's organisational performance and business model. CDB's ability to deliver maximum development results in partnership with its BMCs is assessed at Level 3, which incorporates how the organisation allocates, utilises, and transforms its resources to meet the needs of its BMCs/clients in a timely manner.

High quality interventions are associated with robust and sustainable development outcomes. As a result, quality of operations and development outcomes is emphasised in the new RMF. The quality of CDB's product offerings (namely strategies, PBLs, capital loans and grants and TA) will be examined through various self-assessment exercises at key stages of the project cycle, namely quality at entry, during implementation and at completion.

With the increased focus on supporting climate resilience in infrastructure design and implementation, an indicator has been included at Level 3 to monitor progress on climate-informed designs with CRVA as the main decision-making tool. This is to strengthen investment outcomes which otherwise, would have been compromised by climate-related impacts.

The RMF also includes indicators to track progress on the share of financial resources approved, to support new areas of interventions, specifically to promote sustainable management and protection of marine ecosystems through the Blue Economy, to improve efficiency and service delivery of the public sector through digitalisation of systems, to use digital technology to improve data collection and analysis aimed at supporting SDGs and other national and regional development agenda.

Overall, Level 3 of the RMF measures operational performance through five categories of indicators covering operational processes and practices and portfolio performance, quality of new and ongoing operations and development outcomes, resource allocation and utilisation, selectivity and strategic focus, as well as disclosure and transparency.

(d) **Level 4 - How efficient CDB is as an Organisation (8 indicators)**: This level evaluates the adequacy of CDB's organisational capacity to facilitate the effective management of its operations. The indicators at Level 4 take into consideration how CDB manages its human (skills set) and financial resources - recruiting and retaining appropriate human resources and achieving cost-efficiency through adequate use of administrative budget. This level also assesses the Bank's performance regarding resource mobilisation, particularly climate finance, using the joint MDB methodology for tracking and reporting on CCA and mitigation finance.

The RMF includes two new indicators relating to feedback from internal and external clients on CDB's services and business model. This is consistent with CDB's efforts to get closer to its BMCs and build internal relationships. These efforts are not only geared at improving communication and client engagement, but developing a business model that is cost-efficient, agile, and more responsive to the changing needs of clients, thereby, improving organisational performance and providing more meaningful development results for BMCs.

6.05 **Cross-cutting Areas:** Cross-cutting themes of GE, RCI, and governance are integrated into all of the Bank's operations, as well as the RMF:

(a) *GE*: CDB will continue to pursue its commitment to GE and ensure that this is translated into tangible outputs and outcomes. As a result, the RMF includes sex disaggregated data regarding country results (Level 1), as well as the Bank's contributions to results (Level 2). Gender considerations span areas such as economic and social infrastructure (roads, water and sanitation), education and training, private sector development and MSMEs. In addition, the RMF gives consideration to PWD and youth, which will be monitored, where possible. At Level 3, CDB tracks the quality of design of new initiatives with respect to how well gender dimensions are taken into consideration at preparation and appraisal and during implementation via CDB's Gender Marker. Level 4 includes an indicator that speaks to CDB's commitment to a balanced or diversified workforce that includes women in management positions.

(b) *RCI*: Governments of the Region recognise that enhancing regional economic integration and cooperation in the Caribbean is a key driver in advancing their inclusive economic growth and development agenda. The RMF focuses on a few indicators relevant to CDB's involvement, namely, investment loans and TA supporting free movement of goods and persons, trade and regional public goods in areas such as education, quality standards and procurement. Two indicators are included at Level 2 to track progress toward enhanced regional integration and cooperation. In addition, Level 3 has an indicator to measure the level of financial resources approved by CDB to support RCI initiatives.

(c) *Governance*: Development results in the public sector are partly attributed to good governance and efficient service delivery provided through public sector entities. In this regard, Level 1 of the RMF incorporates an index to measure progress on governance arrangements at the country level. The index is calculated based on information from the WB Group's WGI Report, which provides a composite score from six dimensions of governance: (i) Voice and Accountability; (ii) Political Stability and Absence of Violence; (iii) Government Effectiveness; (iv) Regulatory Quality; (v) Rule of Law; and (vi) Control of Corruption. Information at Level 1 will provide a context for CDB's interventions at Level 2 aimed at building efficient systems and institutions and improving competitiveness in BMCs. Indicators at Level 2 better capture CDB's contribution to critical governance areas including procurement, public financial management, and PSIP. In addition, Level 3 indicators include the share of financial resources approved by CDB for governance and capacity building initiatives.

6.06 **Building Institutional Resilience** – The Strategic Plan emphasises an improved, agile, and responsive business model with enhanced processes, procedures and systems, to deliver on the strategic and corporate priorities. Internal reforms such as the Digitalisation and Transformation Agenda, as well as the Business Process Review, are key enablers to the process. Implementation of these reforms are expected to reap tangible and intangible results in terms of increased organisational efficiency and effectiveness. Additional activities to support the reforms include increased institutional support and country presence using CDB staff and consultants, in critical areas such as project management and procurement. The RMF aims to monitor the progress of the institutional reforms through two indicators, namely, CDB's response time to clients' requests (Level 3) and the management of the Bank's administrative budget in relation to project disbursements (Level 4). A major component of the Strategic Plan is the treatment of the relatively large undisbursed balances. The Bank intends to use the disbursement ratio as a crucial indicator to measure disbursement progress *vis à vis* the undisbursed balances from various funding sources.

6.07 The indicators at Levels 2-4 are not only in line with the core operational areas, SOs, and cross-cutting themes of the new Strategic Plan, but are critical to supporting the Bank's updated mission of "**Reducing Poverty and Transforming Lives through Sustainable and Inclusive Development"**.

6.08 As a short-term measure, the RMF includes 2018 or the most recent baseline values. CDB intends to update/replace these baseline values in 2020 when more recent data become available (i.e., after the completion of the final assessment of the current Strategic Plan through the 2019 DER).

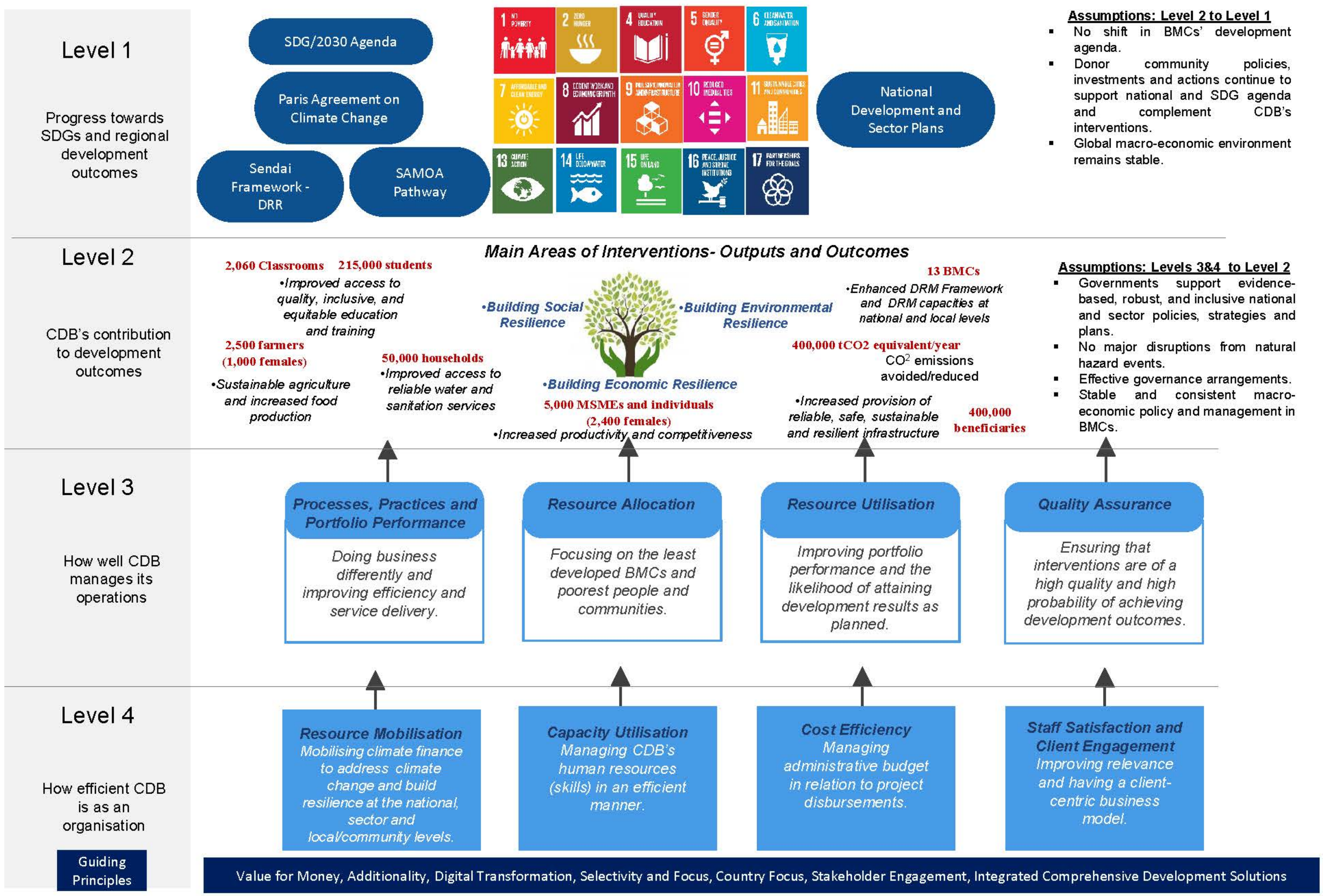
6.09 The proposed RMF is robust given the available information and constraints with respect to timely and reliable data. It is also flexible. As a result, new opportunities and conditions, the global and regional challenges and trends will be continuously monitored and the necessary modifications made to the RMF geared at improving performance, transparency and accountability and advancing the implementation of the Strategic Plan, while ensuring continued alignment with CDB's mandate and the relevant global agreements/ commitments.

6.10 Technical notes including methodology, definitions and sources for the RMF indicators are provided in Annex 1 of Appendix 4.

6.11 **Theory of Change (ToC):** Supporting the Strategic Plan is a ToC that speaks to the three corporate priorities and core areas that when successfully implemented along with the four GPs, will lead to the achievement of the intended development results (see Figure 9). These GPs focus on a client-centric and results-focused business model and seek to transform the lives of persons in BMCs in a manner that is inclusive and sustainable. The ToC is designed to show how CDB's interventions supported by loans and grants and knowledge products, have been designed, appraised and developed to lead to particular results/outcomes, which are aligned to the mandate of the Bank and consistent with global, national and regional goals and commitments if its BMCs.

6.12 The causal relationships between Levels 1 to 4 (i.e., CDB's main areas of interventions and organisational arrangement that contribute to the intended national goals and desired impacts and SDGs). Key assumptions linking the four levels of the RMF are also highlighted in the ToC.

FIGURE 9: THEORY OF CHANGE FOR THE 2020-2024 STRATEGIC PLAN



7. ENTERPRISE RISK ASSESSMENT

7.01 Table 8 represents the enterprise risk assessment of the Strategic Plan, to identify potential threats (strategic, developmental, financial and operational) that could potentially prevent the achievement of the Bank's objectives, and the proposed mitigation measures to address these. This is intended to enhance the corporate governance process around the Strategic Plan and provide assurance to stakeholders on the extent of its robustness. This process involved the independent enterprise risk identification by the Office of Risk Management; a review by the Corporate Strategy Division; and validation by the Bank's Enterprise Risk Committee.

TABLE 8: RISK MANAGEMENT FRAMEWORK

Major Risk Category	Sub Risk Category	Risk	Detailed Explanation	Mitigation
			SO: Building Social Resilience	
Developmental	Development	Capacity risk	Lack of institutional capacity at BMC could hinder the implementation of projects in country.	(a) Secure early traditional shareholder commitments. (b) Strong focus on strengthening institutions' capacity through on-going training.
Developmental	Development	Capacity risk	The risk of not having the level and quality of skills development.	Develop programme to focus on the teaching and learning process, the appropriateness of pedagogies, factors which may affect the necessary reform of instruction and issues of performance assessment.
			SO: Building Economic Resilience	
Strategic	Strategic	Integrity, Fraud and Compliance Risk	The risk that the strategic objective of expanding further into MSME and private sectors, including into new countries such as existing non-regional, non-BMCs exposes CDB to untold integrity, compliance and fraud risks, that adversely impacts the reputation of the Bank and its ability to subsequently raise soft and grant funding effectively, as evidence to its mandate.	(a) Active on-boarding and due diligence checks. (b) Pre-ICA reviews. (c) Staff integrity training and awareness. (d) Review of integrity and compliance policies and processes.
Developmental	Development	Private Sector & MSME Development Risk	Risk of not delivering an effective MSME and private sector programme through effective targeting, due to a less than effective internal programme; organisational support; and appropriate funding (mostly low cost or grants) to achieve the necessary results that augments economic development objectives.	Pursue the reorganisation of the private sector unit and appropriate acquisition of skills-set, product development and funding.
			SO: Building Environmental Resilience	
Strategic	Operational	Climate Risk	The risk of not attracting and raising CC is the most impactful external threat, which poses direct risk to CDB achieving its development goals. The required levels of hard and soft climate financing at appropriate pricing terms on an ongoing basis, to specifically fund BMC climate projects, the absence of which undermines CDBs relevance	On-going efforts to source competitive climate funding.

Major Risk Category	Sub Risk Category	Risk	Detailed Explanation	Mitigation
			and effectiveness as a regional developmental agency with potential implications for its public ratings.	
			SO: Building Institutional Resilience	
Strategic	Strategic	Competition	The risk to the strategic plan objectives as a result of intense competition facing CDB in the Caribbean from national DFIs, private sector lenders, MDBs and major international financial institutions with stronger balance sheets; extended budgets; wide range of product offerings; relatively low pricing; deeper research capabilities and relatively stronger ratings, amongst others. From a pricing standpoint, major MDB competitors in the Region are able to offer attractive predatory pricing given their ability to access relatively lower cost funding in the markets.	(a) Focus on value-added support leveraging off regional knowledge to enhance competitive advantage. (b) Sourcing competitive low cost funds/rates. (c) Blending soft and hard funding to reduce effective interest rates. (d) Embark on joint ventures and partnership initiatives with other MDBs.
Strategic	Product	Product Risk	The risk of a limited and redundant product range that has undergone minimal change for the last 50 years, which undermines CDB's competitiveness in addressing the changing needs and demands of BMCs operating in a changing and evolving external climate.	(a) Establish new Product Committee. (b) Develop a pipeline of new products. (c) Review and revise existing products to be more relevant.
Strategic	Demand risk	BMC Borrowing and Capacity Constraints	The risk of missing critical approval, revenue and disbursement targets, in accordance with strategic plan assumptions due to fiscal, operational, technical or capacity constraints affecting BMCs' ability to borrow and process at levels anticipated/projected.	(a) New product development based on BMC risk profile and need. (b) Sourcing competitively priced funding. (c) Strengthened capacity at country level through targeted training.
Strategic	Succession Risk	CDB Change of Presidency	The risk that the strategic plan initiatives which have been set with a medium to long-term horizon/view are not sustained and continued with the election of a new President in the next year, should he/she elect to radically change course that results in significant losses in the investments made under this plan that does not hence realise the returns expected.	Mid-term review of Strategic Plan.
Financial	Finance	Funding Risk	The risk of not raising targeted levels of soft and grant funding **from traditional shareholders,** consistent with strategic plan assumptions for CDB to be competitive and relevant as a major regional developmental institution, due to reduced contributions from donor countries as a result of:	(a) Secure early traditional shareholder commitments. (b) Actively disbursed undisbursed balances to provide assurance to donor

Major Risk Category	Sub Risk Category	Risk	Detailed Explanation	Mitigation
			(a) fiscal budget constraints in shareholder countries; (b) competing global agency commitments facing traditional shareholder countries; and (c) current levels of CDB undisbursed balances that raises shareholder concerns about the Bank's ability to disintermediate such funds.	countries on CDB's effectiveness in disintermediating the funds. (c) Active monitoring and reporting of status.
Financial	Finance	GCI/Capital Raising Risk	The risk of not raising targeted levels of GCI/Capital funding from traditional shareholders in a timely manner, to meet its capital adequacy and business requirements in accordance with strategic plan assumptions, due to reduced contributions from traditional shareholder countries constrained by budget/fiscal constraints and competing global commitments.	(a) Secure early traditional shareholder commitments. (b) Actively disbursed undisbursed balances to provide assurance to donor countries on CDB's effectiveness in disintermediating the funds.
Financial	Finance	Capital Adequacy: Concentration Risk Weighted Assets	The risk to meeting the capital adequacy metrics required to sustain the Bank's "AA+" rating adequacy in accordance with strategic plan assumptions, as a result of not achieving targeted levels of portfolio diversification that inflates CDB's risk weighted asset, reduces capital adequacy and places its public ratings under pressure.	(a) Portfolio diversification. (b) Influence BMCs to improve ratings. (c) Influence non-rated BMCs such as Guyana, to secure a rating and Grenada to come out of default.
Financial	Funding	Recession, Market and Liquidity Risk	The risk of a recession affecting CDB's ability to access the market, or so doing at pricing premium much higher than the strategic plan assumptions that impacts funding and liquidity targets and limits.	Timely fund raising.
Operational	Operational	Efficiency	The risk of the Bank's transformation programme not delivering effectively in accordance with Strategic Plan assumptions.	(a) Provision of comprehensive transformation plan with an independent risk assessment. (b) Independent review of Transformation Programme.
			The risk that the intended strategic cost savings, commercial benefit, efficiencies and revenues expected of the digital transformation is not achieved in accordance with the Strategic Plan assumptions.	(a) Provision of comprehensive digital plan with an independent risk assessment. (b) Independent review of digital transformation plan.

Major Risk Category	Sub Risk Category	Risk	Detailed Explanation	Mitigation
Operational	Operational	Resourcing Risk	There is a risk to the effective delivery of strategic plan initiatives, as a result of not having the required number and/or calibre of resources due to budget constraints; inadequate training to improve staff competence; delays in new staff recruitment and absence of a comprehensive succession plan to address the changes in Senior Management from resignations and retirements anticipated over the short to medium term.	(a) Active management of succession planning. (b) Timely talent acquisition.
Cross Cutting Areas				
Operational	Operational	External: Geopolitical Risks	The risk of evolving geopolitical threats that could fundamentally derail the objectives and assumptions of the strategic plan, ranging from expected tourism traffic, tourism spend, taxes, pace of economic activity.	(a) Structured identification and assessment of geopolitical risks by the Office of Risk Management, that informs bank-wide operations.

CORPORATE PRIORITIES

Building Social Resilience

Building adaptive, coping and transformative capacities of individuals, communities and institutions to sustain well-being and improve quality of life.

- Improving access to quality, inclusive and equitable education and training.
- Supporting sustainable agriculture and rural development and increasing food production.
- Improving access to safe, reliable and sustainable water and sanitation services.
- Improving access to basic social infrastructure and services.

Building Economic Resilience

Fostering inclusive and sustainable economic growth and development.

- Increasing the provision of quality, reliable, safe, sustainable and resilient infrastructure.
- Promoting private sector operations and MSMEs.
- Improving private sector development and competitiveness.

Building Environmental Resilience

Promoting environmental sustainability.

- Promoting universal access to reliable, affordable and modern energy.
- Increasing resilience and adaptive capacity to disaster risk and climate change impacts.

Building Institutional Resilience

Building a results-based, client-centric, agile, transparent, gender-sensitive, and cost-efficient organisation.

- Strengthening operational processes and practices.
- Improving portfolio performance.
- Enhancing the quality of operations, results and development outcomes.
- Improving selectivity and strategic focus.
- Enhancing disclosure and transparency.
- Improving value for money.
- Mobilising climate finance to advance the climate change agenda.
- Increasing staff engagement and productivity.
- Deepening client relationships.

Cross-cutting priorities:

Building modern, efficient, transparent and accountable institutions and promoting good governance

Enhancing economic integration and deepening cooperation

Promoting gender equality

APPENDIX 1

APPENDIX 2

METHODOLOGY AND RESULTS FOR APPROVALS 2020-24

Auto Regressive Integrated Moving Average and Panel Data Models

1. An Auto Regressive Integrated Moving Average (ARIMA) with trend model is estimated for each BMC (as well as for regional approvals and total approvals as one series), where the specification is informed by standard statistical tests, with diagnostics tests ensuring the statistical accuracy of the estimated parameters. Specification tests involved: (i) checking whether to use a log model; (ii) checking whether to apply autoregressive or moving average terms and the significance of a constant; and (iii) checking to ensure no serial autocorrelation. Six-year forecasts are then produced. A Panel data model is also ran comprising 15 BMCs over the period 2000-2018, using GDP per capita, an interest rate differential, each BMC's outstanding balances as a share of total BMC outstanding balances to CDB (interacting with a risk dummy for post 2013) and population as explanatory variables. A fixed effects model was chosen using the Hausman test, after which estimations and six-year forecasts were done.

Forecast Risk and Further Notes

2. BMC approvals data have two characteristics which are influential to the precision of the ARIMA model forecasts. First, individual BMC approvals are intermittent, which leads to difficulties in estimating parameters precisely. These difficulties include low statistical significance and a wider variation in forecasts relative to estimations done with more consistent (and less intermittent) data. Second, both individual BMC approvals and total approvals data are highly 'seasonal', which largely affects the output of the ARIMA model and leads to less precise forecasts relative to seasonally adjusted data. Seasonal adjustment of data can only be done if the seasonality is significant and has a routine and consistent impact on the data. This is also usually applied to monthly or quarterly data, which has repeated seasonality and consistency in its impact within each year. Approvals data, on the other hand, are annual data. Further, this annual data is not driven by consistently repeated seasonality at the same time intervals (e.g., every four years) or at the same magnitude, leading to the issue of the seasonality not being able to be estimated so as to enable seasonally adjustment of the data. The overall result of these characteristics are variations in the forecasted data for the ARIMA model which directly reflects, but does not exceed, the inherent wide variation in the data.

3. For the Panel data model, the forecasts are determined by constant fixed effects and constant coefficients (slopes), as well as by the variation in the explanatory variables for each BMC. The influences of the fixed effects and constant slopes lead to more stable forecasts for the Panel data model relative to the forecasts from the ARIMA model. Further, the panel data method utilises common trends in the data to produce a more unified forecast (similar forecast for all BMCs), while taking into account the individual intercepts (average approval rates) in other BMCs. Essentially, the Panel data model represents an aggregated view of individual forecasts influenced by macroeconomic or institutional determinants, while the ARIMA models reflect historical variation in approvals within each BMC. The relative strengths of both models were taken into account during the triangulation process. On balance, and not withstanding specific limitations of each approach, it was found that the Panel data model performed better (for in sample forecast) and the out of sample forecast were upwardly trending and in line with expectations.

Model Results

4. The forecast using the ARIMA model was undertaken using two different approaches. First, a forecast for individual countries was done and then individual results were summed. The second approach involved summing the annual commitments of all BMCs and making a single forecast of one series. In both approaches, the outlook for commitments was on a declining trend. It is important to note that the

methodology, because it is heavily influence by past behaviour, could be biased both positively and negatively. In this case, it is the latter as approvals declined between 10% and 27% over the forecast period. On the other hand, the multivariate Panel data model has a better 'performance' and accords with the expectations and planned levels of support from CDB over the period. Further, it also aligns with expanded investment needs of BMCs. Using this methodology, commitments are projected to expand by about 19% to around $237 mn by 2024.

PROJECTED COMMITMENTS 2020-24

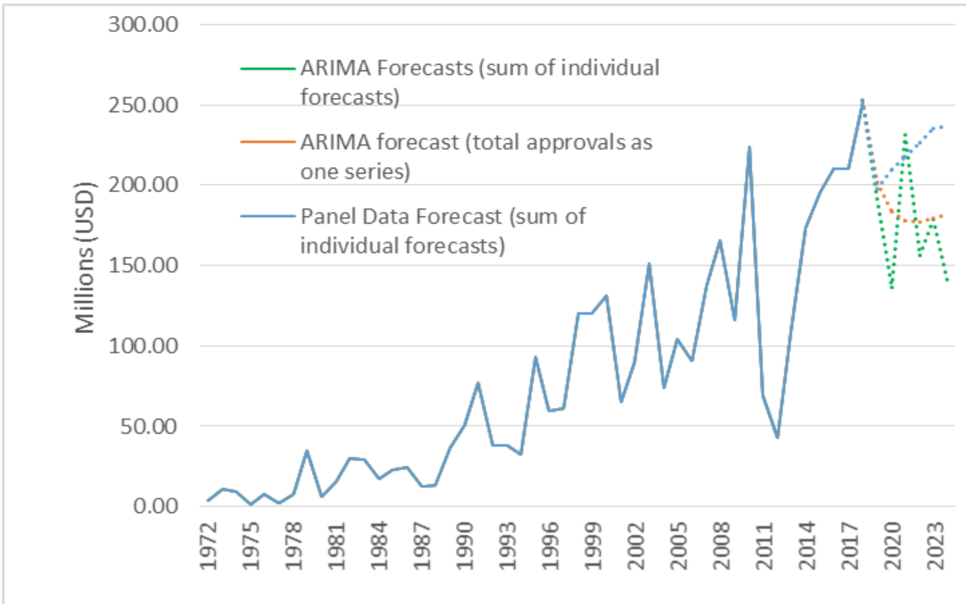


TABLE 1: FORECAST COMMITMENTS 2019-24

	2019	2020	2021	2022	2023	2024
Forecasted Approvals (ARIMA - Sum)	191,808	136,205	231,281	156,518	178,411	139,170
Forecasted Approvals (ARIMA - one series)	201,955	183,310	177,728	177,433	179,279	181,991
Forecasted Approvals (Panel Data - Sum)	198,239	209,563	217,439	226,199	235,456	236,777

APPENDIX 3

PROJECTIONS OF CDB'S FINANCIAL PERFORMANCE 2020-24

BASE SCENARIO

PROJECTED INCOME STATEMENT 2020-24

	2020	**2021**	**2022**	**2023**	**2024**
Revenues:					
Cash	0.4	0.4	0.4	0.4	0.4
Securities	11.5	12.8	11.9	8.7	6.7
Loans-outstanding	58.9	64.6	69.4	74.1	78.0
Loans-undisbursed	2.3	2.3	2.3	2.2	2.3
Other Revenues	1.6	1.6	1.6	1.6	1.6
TOTAL REVENUE	**74.8**	**81.7**	**85.5**	**87.1**	**90.0**
Expenses:					
Borrow long-term	39.0	45.6	47.1	44.2	42.5
Administrative	14.1	12.7	12.2	12.0	12.0
Other Expenses	0.8	0.8	0.8	0.8	0.8
Depreciation	1.5	1.5	1.5	2.0	2.0
TOTAL EXPENSES	**55.4**	**60.6**	**61.6**	**59.1**	**57.3**
GROSS OPER INCOME	**19.4**	**21.1**	**23.9**	**28.0**	**33.6**
Adjusted Income	19.4	21.1	23.9	28.0	33.6
NET INCOME	**19.4**	**21.1**	**23.9**	**28.0**	**33.6**

PROJECTED BALANCE SHEET 2020-24

	2020	2021	2022	2023	2024
Cash	41.2	41.8	31.4	40.2	39.6
Securities-Prime	681.3	741.3	575.9	395.9	343.2
Long-T Loans-gross	1,445.2	1,561.1	1,666.3	1,782.4	1,847.3
L-T Loans-Net	1,445.2	1,561.1	1,666.3	1,782.4	1,847.3
Other Investments	49.1	49.1	49.1	49.1	49.1
Receiv from Members	33.2	27.2	21.2	15.2	9.2
Other Assets	21.0	21.0	21.0	21.0	21.0
Fixed Assets	26.4	38.9	51.4	51.4	51.4
TOTAL ASSETS	**2,297.4**	**2,486.4**	**2,428.3**	**2,373.2**	**2,384.9**
Due To	21.2	21.2	21.2	21.2	21.2
Current Liabilities	31.7	31.7	31.7	31.7	31.7
Long-term Borrowing	1,258.0	1,425.9	1,343.9	1,260.8	1,240.8
Other Liabilities	36.0	36.0	36.0	36.0	36.0
TOTAL LIAB'S	**1,346.8**	**1,514.8**	**1,432.7**	**1,349.6**	**1,329.6**
Subscribed Capital	387.2	387.2	387.2	387.2	387.2
Reserve +Ret Earn	563.4	584.5	608.4	636.4	668.0
TOTAL CAPITAL	**950.6**	**971.7**	**995.6**	**1,023.6**	**1,055.2**
LIAB'S + CAPITAL	**2,297.4**	**2,486.4**	**2,428.3**	**2,373.2**	**2,384.9**

APPENDIX 3(B)

OPTIMISTIC SCENARIO

PROJECTED INCOME STATEMENT 2020-24

	2020	2021	2022	2023	2024
Revenues:					
Cash	0.4	0.4	0.4	0.4	0.4
Securities	11.5	12.5	11.3	7.9	5.6
Loans-outstanding	59.1	65.2	70.6	76.0	80.8
Loans-undisbursed	2.3	2.3	2.3	2.3	2.3
Other Revenues	1.6	1.6	1.6	1.6	1.6
TOTAL REVENUE	**74.9**	**82.1**	**86.2**	**88.3**	**90.7**
Expenses:					
Borrow long-term	39.0	45.6	47.1	44.3	42.5
Administrative	14.1	12.4	12.0	11.8	11.8
Other Expenses	0.8	0.8	0.8	0.8	0.8
Depreciation	1.5	1.5	1.5	2.0	2.0
TOTAL EXPENSES	**55.4**	**60.3**	**61.4**	**58.9**	**57.1**
GROSS OPER INCOME	**19.5**	**21.8**	**24.8**	**29.4**	**33.6**
Adjusted Income	19.5	21.8	24.8	29.4	33.6
NET INCOME	**19.5**	**21.8**	**24.8**	**29.4**	**33.6**

PROJECTED BALANCE SHEET 2020-24

	2020	2021	2022	2023	2024
Cash	42.3	42.6	37.7	40.9	41.6
Securities-Prime	671.3	721.3	536.3	346.3	271.3
Long-T Loans-gross	1,454.2	1,581.1	1,701.3	1,835.4	1,922.3
L-T Loans-Net	1,454.2	1,581.1	1,701.3	1,835.4	1,922.3
Other Investments	49.1	49.1	49.1	49.1	49.1
Receiv from Members	33.2	27.2	21.2	15.2	9.2
Other Assets	21.0	21.0	21.0	21.0	21.0
Fixed Assets	26.4	38.9	51.4	51.4	51.4
TOTAL ASSETS	**2,297.0**	**2,487.9**	**2,430.0**	**2,376.3**	**2,390.0**
Due To	21.2	21.2	21.2	21.2	21.2
Current Liabilities	31.7	31.7	31.7	31.7	31.7
Long-term Borrowing	1,258.0	1,425.9	1,343.9	1,260.8	1,240.8
Other Liabilities	36.0	36.0	36.0	36.0	36.0
TOTAL LIAB'S	**1,346.8**	**1,514.8**	**1,432.7**	**1,349.6**	**1,329.6**
Subscribed Capital	387.2	387.2	387.2	387.2	387.2
Reserve +Ret Earn	563.5	585.3	610.1	639.5	673.1
TOTAL CAPITAL	**950.7**	**972.5**	**997.3**	**1,026.7**	**1,060.3**
LIAB'S + CAPITAL	**2,297.5**	**2,487.2**	**2,430.0**	**2,376.3**	**2,389.9**

APPENDIX 3(C)

PESSIMISTIC SCENARIO

PROJECTED INCOME STATEMENT 2020-24

	2020	2021	2022	2023	2024
Revenues:					
Cash	0.4	0.4	0.4	0.4	0.4
Securities	11.6	13.3	12.8	10.3	8.9
Loans-outstanding	58.5	63.3	66.9	70.3	72.5
Loans-undisbursed	2.3	2.2	2.2	2.1	2.1
Other Revenues	1.6	1.6	1.6	1.6	1.6
TOTAL REVENUE	**74.5**	**80.9**	**83.9**	**84.7**	**85.5**
Expenses:					
Borrow long-term	39.0	45.6	47.1	44.3	42.5
Administrative	12.5	12.7	12.9	13.0	13.1
Other Expenses	0.8	0.8	0.8	0.8	0.8
Depreciation	1.5	1.5	1.5	2.0	2.0
TOTAL EXPENSES	**53.8**	**60.6**	**62.3**	**60.1**	**58.4**
GROSS OPER INCOME	**20.8**	**20.3**	**21.6**	**24.6**	**27.1**
Adjusted Income	20.8	20.3	21.6	24.6	27.1
NET INCOME	**20.8**	**20.3**	**21.6**	**24.6**	**27.1**

PROJECTED BALANCE SHEET 2020-24

Date	**2020**	**2021**	**2022**	**2023**	**2024**
Cash	40.5	44.3	36.2	37.7	37.8
Securities-Prime	701.3	781.3	641.3	501.3	486.3
Long-T Loans-gross	1,427.2	1,519.1	1,594.3	1,674.4	1,697.3
L-T Loans-Net	1,427.2	1,519.1	1,594.3	1,674.4	1,697.3
Other Investments	49.1	49.1	49.1	49.1	49.1
Receiv from Members	33.2	27.2	21.2	15.2	9.2
Other Assets	21.0	21.0	21.0	21.0	21.0
Fixed Assets	26.4	38.9	51.4	51.4	51.4
TOTAL ASSETS	**2,298.7**	**2,486.9**	**2,426.5**	**2,368.1**	**2,375.1**
Due To	21.2	21.2	21.2	21.2	21.2
Current Liabilities	31.7	31.7	31.7	31.7	31.7
Long-term Borrowing	1,258.0	1,425.9	1,343.9	1,260.8	1,240.8
Other Liabilities	36.0	36.0	36.0	36.0	36.0
TOTAL LIAB'S	**1,346.8**	**1,514.8**	**1,432.7**	**1,349.6**	**1,329.6**
Subscribed Capital	387.2	387.2	387.2	387.2	387.2
Reserve +Ret Earn	564.7	585.1	606.6	631.2	658.3
TOTAL CAPITAL	**951.9**	**972.2**	**993.8**	**1,018.4**	**1,045.5**
LIAB'S + CAPITAL	**2,298.7**	**2,486.9**	**2,426.5**	**2,368.1**	**2,375.1**

APPENDIX 4

RESULTS MONITORING FRAMEWORK FOR 2020-2024

RMF LEVEL 1: Progress towards Sustainable Development Goals and Regional Development Outcomes Grouping/indicator	BMCs			Related SDG
	Baseline		Target	
	Year	Value	2024	
Economic inclusion: reducing poverty and inequality, and promoting productive employment				
1. MPI [Headcount (%)]	2016	TBD[37]	TBD	 
2. Countries with high income inequality (# of countries with Gini Coefficient exceeding 0.4)	2002-2016	TBD	TBD	
3. GDP per capita growth rate (%)	2018	1.3	1.4	
4. Secondary school graduates achieving five CXC General Proficiency or equivalent in National Assessment passes or more, including Mathematics and English (%)				
- Female	2018	31.7	45	
- Male	2018	28.8	43	
5. Students completing at least one Level 1 course in TVET (%)				
- Female	2018	52.0	72	
- Male	2018	55.0	74	
6. Unemployment rate (%)				
- Female	2017	11.9	9.5	
- Male	2017	9.5	8.5	
7. Youth unemployment rate (%)				
- Female	2017	26.4	Reduction	
- Male	2017	13.4	Reduction	
Sustaining growth: building competitive economies				
8. Intra-regional trade as a percentage of total regional trade (%)	2018	15.0	18	
9. Doing business average Distance to Frontier score (out of 100)	2018	56.4	74.0	
Affordable and clean energy: accelerating the CC agenda				
10. RE as a % of total energy mix produced	2018	11	30	
11. Greenhouse gas emissions per capita (metric tons per capita)	2014	3.6	3.9	
Climate Action; Life on Land				
12. Reported economic losses resulting from natural disasters and climate variability (% of GDP, 3-year average)	2016-2018	0.5	<1.5	
Building strong and efficient public institutions				
13. Governance Index	2017	61.5	65	

[37] TBD- to be determined. The targets for Indicators 1and 2 will be provided after the completion of the Enhanced CPA exercise.

RMF LEVEL 2: CDB's Contribution to SDGs, Country and Regional Development Outcomes

Grouping/indicator	Projected 2015-2019	Actual 2015-2018	Projected 2020-2024
Building Social Resilience – Building adaptive, coping and transformative capacities of individuals, communities and institutions to sustain well-being and improve quality of life			
Education and training - Improving access to quality, inclusive, and equitable education and training			
1. Classrooms and educational support facilities built or upgraded according minimum standards (number), of which	950	586	2,060
(a) Basic	n.s.	512	1,540
(b) Post-secondary and tertiary	n.s.	74	480
2. Teachers and principals trained or certified (number)	6,100	4,606	14,120
-of whom female	n.s.	n.a.	10,500
3. Students benefitting from improved physical classroom conditions or enhanced teacher competence, or access to loan financing (number)	186,000	128,445	215,000
Agriculture and rural development- Promoting sustainable agriculture and rural development and increasing food production			
4. Agriculture: Stakeholders trained in improved production technology (number)	3,000	2,780	2,500
- of whom female	n.s.	841	1,000
5. Land improved through irrigation, drainage and/or flood management (hectares)	400	0	2,600
6. Beneficiaries of improved agriculture, land management and land conservation climate smart agricultural practices (number)	-	-	2,600
Water and Sanitation– Improving access to safe, reliable and sustainable water and sanitation services			
7. Water: Installed water capacity (cubic metres/day)	120,000	24,768	30,000
- Urban	n.s.	0	18,000
- Rural	n.s.	24,768	8,780
8. Water: Supply lines installed or upgraded (length of network in km)	150	237.6	200
- Urban	n.s	30.3	100
- Rural	n.s	207.3	100
9. Water: Households with access to improved sanitation and water supply (number)	33,450	22,140	50,000
- Urban	n.s.	600	28,000
- Rural	n.s.	21,540	22,000
Community Development and Participation – Improving access to basic social infrastructure and services			
10. Communities: Beneficiaries of community infrastructure construction and enhancement projects (number)	108,000	35,565	18,300[38]
- of whom female beneficiaries	n.s.	19,867	9,250
Building Economic Resilience – Fostering inclusive and sustainable economic growth and development			
Economic Infrastructure – Increasing the provision of quality, reliable, safe, sustainable and resilient infrastructure			
11. Sea defences, landslip protection, and urban drainage (km)	9.0	3.0	10.0
12. Transport: Primary, secondary and other roads built or upgraded (km)	250	182.7	250.0
13. Beneficiaries (direct) of resilient infrastructure construction/enhancements (number)	340,000	255,436	400,000
- of whom female	n.s.	129,785	200,000

[38] The target for this indicator will be updated after the conclusion of the negotiations for 10th Replenishment of SDF (SDF 10), including the set aside for the BNTF Programme.

Grouping/indicator	Projected 2015-2019	Actual 2015-2018	Projected 2020-2024
Private sector operations and MSMEs – Promoting private sector operations and MSMEs			
14.Value of credit made available to the private sector ($ mn) (disaggregated by sector)	30.0	19.9	34.0
15. MSMEs benefitting from credit (number)	370	916	340
- of which female owned	n.s	72	84
16. Beneficiaries of mortgage programmes (number)	200	170	155
- of whom female borrowers	n.s	40	50
17. Beneficiaries of TA interventions targeted at MSMEs (number)	7,000	3,002	4,500
- of whom female beneficiaries	n.s	1,528	2,250
Improving private sector development and competitiveness			
18. Business climate and competitiveness enhancement projects implemented (number)	10	23	10
19. BMCs with increased capacity to undertake PPP arrangements (number)	12	23	16
Building Environmental Resilience – Promoting environmental sustainability			
Energy – Increasing access to reliable, affordable and modern energy (energy security)			
20. Energy: Conventional or renewable power generation capacity installed (MW)	4.52	2.74	10.0
- of which renewable (MW)	3.0	1.24	10.0
21. Greenhouse gas emissions reduction (t CO_2 equivalent/year)	-	-	400,000
22. Energy savings as a result of EE and RE interventions (GWh)	20	19	44
23. Transmission or distribution lines installed or upgraded (length in km)	130	400	25.0
Increasing resilience and adaptive capacity of national and local institutions and communities to disaster risk and CC impacts			
24. No of BMCs with strengthened resilience and adaptive capacity to climate related hazards (including DRR strategies)	-	-	13
25. Additional communities with improved capacity to address CC and DRM (number)[39]	61	42	88
Other Indicators – Cross cutting areas			
Governance and accountability- Building efficient, transparent and accountable institutions			
26. Ministries, departments and agencies with improved public financial management systems and PSIPs and public service delivery[40] (number)	-	-	28
RCI – Enhancing economic integration and deepening cooperation			
27. RPG created or strengthened (e.g. statistical capacity, quality standards, procurement, and debt relief) (number)	10	9	8
28. Trade facilitation measures created, strengthened, or expanded (number)	9	14	20

[39] At least one agriculture climate resilience initiative financed by the Adaptation Fund is expected to be completed over the strategy period. The initiative will directly benefit 11 communities and some 78 surrounding sub-communities. CDB will continue to seek funding to respond to the DRR and climate resilience needs of communities. As a result, the target for this indicator will be reviewed and updated accordingly.

[40] This indicator speaks to initiatives in 19 BMCs.

RMF Level 3: How Well CDB Manages its Operations

Grouping/Indicator	Baseline		Target (2024)
	Year	Value	
Strengthening operational processes and practices, and improving portfolio performance			
1. Portfolio performance rating for implementation (% rated Highly Satisfactory to Satisfactory)[41]	2018	98	90
2. Completed projects/loans with timely PCRs (%)	2018	95	95
3. Projects at risk (% of portfolio)	2018	13	6
4. Average time taken from appraisal mission to first disbursement (months)	2018	12	6
5. Projects under implementation with extensions (revised final disbursement date) (%)	2018	45	30
6. Average length of project extension (month)	2018	4.0	2.0
Enhancing quality of operations and development outcomes			
7. Quality of new loans and grants appraised (Average Score [1 – 4] of 7 categories)			
(a) Investment loans	-	-	2.5 - 3.25
(b) PBLs	-	-	2.5 - 3.25
(c) TAs	-	-	2.5 - 3.25
8. Quality of CSPs (Score)	-	-	2.5 - 3.25
9. Completed operations rated Satisfactory and Highly Satisfactory			
(a) Investment/capital loans and grants (%)	-	-	90
(b) TAs (%)	-	-	70
(c) PBLs (%)	-	-	95
10. Completed CSPs rated Satisfactory and Highly Satisfactory (%)	-	-	80
Resource allocation and utilisation			
11. Concessional resources allocated according to performance-based allocation system (%)	2018	76	≥80
12. Disbursement ratio (%)	2018	11	15
13. Disbursement (efficiency) rate (%)	2018	77	85
Improving Selectivity and Strategic focus			
14. Financing directed to less developed BMCs (%, three-year average)	2016-2018	77	≥60
15. Approved projects with a gender specific or gender mainstreamed rating (as a % of total projects)	2018	74	90
16. Projects reporting on gender results during implementation (%)	2018	-	100
17. Capital projects with climate-informed design or CVRA (%)	2018	65	90

[41] The current project performance monitoring system has some deficiencies with respect to the rating of projects. These deficiencies have resulted in an overstatement of project performance and a large percentage of projects classified as Highly Satisfactory and Satisfactory despite implementation challenges. The new system (PRISM) includes a more comprehensive rating system that adequately reflects project performance, taking into account factors that influence implementation progress of projects such as loan effectiveness and project management arrangements.

RMF Level 3: How Well CDB Manages its Operations cont'd

Grouping/Indicator	Baseline		Target (2024)
	Year	Value	
Improving Selectivity and Strategic focus cont'd			
18. Approvals supporting (as a % of total financing):			
(a) Environment, RE, EE, and CC (supporting climate adaptation and mitigation)	2018	10.5	12-16
(b) RCI	2018	3.8	2-4
(c) Private sector development including PPPs	2018	4	≥10
(d) Blue Economy	2018	-	≥1
(e) Governance and capacity building	2018	-	≥1
(f) Digitalisation (public sector)	2018	-	≥1
(g) Data collection and analysis	2018	-	≥1
Enhancing Disclosure and Transparency			
19. No of Independent Evaluation and PCR Validation Reports published on CDB's website per annum	-	-	10
20. Published IATI data on capital projects approved (%)	2018	100	100

RMF Level 4: How Efficient CDB is as an Organisation

Grouping/Indicator	Baseline		Target (2024)
	Year	Value	
Capacity utilisation			
1. Budgeted Professional Staff in OA (%)	2018	83	≥ 85
2. Ratio of Professional Staff to Support Staff [42]	2018	1.91:1	2.96:1
3. Vacancy rate at management and professional levels (%)	2018	4	≤ 5
4. Staff in management positions who are women (%)	2018	40	45-55
Use of administrative budget resources – Improving value for money			
5. Administration expenses per $1mn of project disbursements (three-year average) $'000s	2016-18	140	140
Resource mobilisation, staff engagement and client satisfaction			
6. Climate-related bank commitments (tracking of adaptation and mitigation finance) (USD mn)	2018	171	180
7. Staff Engagement/Pulse Survey Index	2018	81	81
8. Client Satisfaction Survey (% of clients satisfied with CDB's services including response time, lending and non-lending instruments and knowledge products)	2018	70	85

[42] CDB expects to see a reduction in the number of support staff based on the implementation of the various institutional reforms and technology enhancements initiatives.

RMF INDICATORS – TECHNICAL NOTES

LEVEL 1: Progress Towards Sustainable Development Goals and Regional Development Outcomes				
Indicator No.	**Description**	**Rationale**	**Data Source**	**Frequency**
1.1 MPI [Headcount (%)]	The MPI describes the percentage of the population who are deprived in several areas of economic and social wellbeing: education, health and living standards. The MPI assesses poverty at the household level; the metric is normally expressed as a headcount ratio, where the headcount is in adult equivalent units. CDB (Enhanced CPA Programme) has customised the UN MPI to fit the Caribbean context. The enhanced MPI complements monetary measures of poverty by considering education, health and living standards, employment, CC and gender.	Poverty is multidimensional, thus it is important to look beyond monetary metric measures of poverty to gain a comprehensive picture. It allows for the identification of the poorest of the poor, and shows how they are poor (low education, malnourished, etc.), revealing poverty patterns within countries (e.g. by region, ethnicity and other groupings) and over time. It is monitored to track progress on SDG. The updated poverty data will place policy-makers in a better position to understand the multi-dimensional nature of the phenomenon and how this affects citizens. This will allow decision-makers to focus on different dimensions of poverty and use the information to support better targeting of social programmes and development of poverty reduction strategies to embrace income-generating interventions.	Enhanced CPAs: Demographic and Health Survey (DHS) and the Multiple Indicators Cluster Survey (MICS) in BMCs. (The MPI was first published in 2010 by the Oxford Poverty and Human Development Initiative and the UNDP.)	Variable lags and timing of reporting, depending on Enhanced CPA and survey data collection.
1.2 Countries with high income inequality (no. of countries with Gini coefficient exceeding 0.4)	The Gini measures the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution. A Gini value of 0 represents perfect equality, and a value of 1 denotes perfect inequality. The Enhanced CPA will allow for better information gathering and reporting on poverty and inequality indicators, including the Gini coefficient.	The Gini coefficient is a well-known long-standing method used to calculate national income inequality levels. It is monitored to track progress on SDG 10. Updated information on income inequality will allow decision-makers to support better targeting of social programmes and development of poverty reduction strategies to embrace income-generating interventions.	National Living Conditions and Household Budget Survey in BMCs aligned to international standards.	Variable lags and timing of reporting, depending on CPA and survey data collection.
1.3 GDP per capita growth rate (%)	Annual change in GDP based on constant 2005 US dollars divided by mid-year population estimate.	Measures annual change in the level of total economic output relative to the population of a country. This per person, or per capita, value indicates the ability of those people and their country to afford the goods and services they need and want, including spending on public systems such as education, health, welfare, security, and environmental protection. It is monitored to track progress on SDG 8.	Official data from Central Banks of BMCs.	One year lag for GDP information. Variable lags for population information across BMCs.
1.4 Secondary school graduates achieving five CXC General Proficiency or equivalent in National Assessment passes or more, including Mathematics and English (%)	% of candidates who have achieved passes in five subjects including Mathematics and English generally in one sitting. Candidates obtaining Grades I - III at the General and Technical proficiencies of the Caribbean Secondary Education Certificate (CSEC) of CXC, or an equivalent performance in national examinations in BMCs such as The Bahamas General Certificate of Secondary education (BGCSE), are considered as satisfying the matriculation requirement for tertiary and post-secondary programmes.	The indicator is used to monitor the supply of students who (a) satisfy the matriculation requirements for tertiary and post-secondary programmes; and (b) meet requirements for the world of work. It is monitored to track progress on SDG 4.	Examination performance data are compiled for MOEs within the respective BMCs. Officers in the Social Sector Division (SSD) obtain the data from MOEs.	Annual data are reported for the last completed school year. There is a lag of one year.

LEVEL 1: Progress Towards Sustainable Development Goals and Regional Development Outcomes				
Indicator No.	**Description**	**Rationale**	**Data Source**	**Frequency**
1.5 Students completing at least one Level 1 course in TVET (%)	% of students completing a Level 1 course in TVET or an equivalent programmes in a year. TVET is concerned with the acquisition of knowledge and skills for the world of work. These include: CSEC TVET subjects, National Vocational Qualifications and CVQ Level 1 programmes, City and Guilds Level 1 programmes and BGCSE TVET subjects or their equivalent.	The expansion and flexibility of the education system to offer training pathways that address the career interests and prospects of all students is an International Labour Organisation (ILO)/ UNESCO goal. The indicator measures the proportion of students completing at least one Level 1 subject/programme in TVET. It is monitored to track progress on SDG 4.	MOEs within the respective BMCs compile these data. Officers in SSD obtain the data from MOEs.	Annual data are reported for the last completed school year. There is a lag of one year.
1.6 Unemployment rate (%)	The unemployment rate is a measure of the proportion of the population currently in the labour force that are unemployed. According to the ILO, "the unemployed comprise all persons of working age who were: (a) without work during the reference period, i.e. were not in paid employment or self-employment; (b) currently available for work, i.e. were available for paid employment or self-employment during the reference period; and (c) seeking work, i.e. had taken specific steps in a specified recent period .	The unemployment rate is an indicator of the extent to which employment opportunities are being provided. It is monitored to track progress on SDG 8.5.1.	ILO, Key Indicators of the Labour Market database.	Frequency of availability of data varies by country. At least a one year lag.
1.7 Youth unemployment rate (%)	The youth unemployment rate is a measure of the proportion of the labour force ages 15-24 that is not in paid employment or self-employment but is available for work and has taken steps to seek paid employment or self-employment.	The unemployment rate is an indicator of the extent to which employment opportunities are being provided. It is monitored to track progress on SDG 8.6.1. Youth possess tremendous potential to serve as agents of social and economic transformation in the region. One key challenge to moving out of poverty is extremely high level of youth unemployment, which is of critical concern to the Caribbean Region. CDB intends to incorporate youth employment opportunities and development into its interventions.	ILO, HDI	Frequency of availability of data varies by country. At least a one year lag.
1.8 Intra-regional trade as a percentage of total regional trade (%)	Intra-regional trade is defined as the value of imports plus the value of exports between CARICOM member countries. Total regional trade is defined as imports from all countries to CARICOM member countries plus exports to all countries from CARICOM member countries. Intra-regional trade will be a subset of total regional trade. Trade covers goods carried by sea or air.	This indicator reflects the importance of the intra-regional trade (the movement of goods and services (i.e. e-commerce)) among Caribbean countries. It is an indication of growing markets in the Region and the effectiveness of particular regional arrangements in facilitating trade. It measures the degree of interdependence and connectivity among Member States from the perspective of international trade. It is monitored to track progress on SDG 8.	www.caricomstats.org, National statistical offices	Calendar year data. Variable lags; usually a year for more developed countries and longer for less-development countries (LDCs).
1.9 Doing Business Distance to Frontier score (out of 100)	The WB's Ease of Doing Business ranks (out of 189 countries) and scores (out of 100) economies. A high ranking (a low numerical rank) or score means that the regulatory environment is conducive to business operation, usually simpler, regulations for businesses and stronger protections of property rights.	Empirical research funded by WB shows that the effect of improving business regulations on economic growth is strong. An environment conducive to business operation is an important precursor for building a competitive economy. The indicator tracks progress on SDG 8.	The WB: https://www.doingbusiness.org/en/data/doing-business-score	There is a one year lag. Annual data is based on data from the previous year.

LEVEL 1: Progress Towards Sustainable Development Goals and Regional Development Outcomes				
Indicator No.	**Description**	**Rationale**	**Data Source**	**Frequency**
1.10 RE as a % total energy mix produced	Measures energy produced from renewable sources as a percent of total energy production.	RE is the most sustainable form of energy. The larger % of RE in a country's energy mix, the greater its energy security. Further, RE technologies are clean sources of energy that have a much lower environmental impact than conventional energy technologies. (Source: UN Statistics Division) The indicator tracks progress on SDG 7.	CARICOM.	The most recent data available is from 2012. Data is only available for five BMCs.
1.11 Greenhouse gas emissions (metric tons per capita)	Measures greenhouse gas emissions per person in each country. Carbon dioxide or greenhouse gas emissions (GHG) are those stemming from the burning of fossil fuels. They include energy produced during consumption of solid, liquid, and gas fuels through industrial processes, agriculture and waste.	With rising greenhouse gas emissions, CC is occurring at rates much faster than anticipated and its effects are clearly felt worldwide. While there are positive steps in terms of the climate finance flows and the development of NDCs, far more ambitious plans and accelerated action are needed on mitigation and adaptation. Reducing greenhouse gas emissions is a key component of the Paris Agreement for Climate Change including NDCs, of which a number of CDB's BMCs are signatories.	The WB: https://data.worldbank.org/indicator/EN.ATM.CO2E.PC?view=chart	Yearly
1.12 Reported economic losses resulting from natural disasters and climate variability (% of GDP, 3 year average)	Estimated financial cost of loss from natural hazard events in the reporting year (as normally determined by a Damage and Loss Assessment) expressed as a percentage of GDP. Natural hazard events are divided into five sub-groups: Geophysical; Meteorological; Hydrological; Climatological and Biological. The costs are generally replacement costs to rehabilitate essential buildings and infrastructure (including any new builds) at current prices. Depending on the scale of the damage and loss, the costs are used by governments and international agencies to make appeals for assistance.	Due to the size and geographical positioning of countries in the Caribbean, the Region is susceptible to natural hazard events, particularly those of a meteorological, geophysical and hydrological nature. This makes preparedness for and mitigation against natural hazards a very important issue for Caribbean governments, and for development. Good DRM can help reduce costs (both financial and human) when natural events occur, and dampen the impact on affected economies. The indicator tracks progress on SDG 13.	Estimated cost of damage data is sourced from the International Disaster Database (EM-Data) http://www.emdat.be/database. GDP in current prices (USD) is taken from Central Statistical Offices, or International databases, such as the IMF.	Date of event and estimated damage recorded. Current
1.13 Governance Index	The Worldwide Governance Indicators (WGI) published by the WB Group includes aggregate and individual governance indicators for six dimensions of governance: (a) Voice and Accountability; (b) Political Stability and Absence of Violence; (c) Government Effectiveness; (d) Regulatory Quality; (e) Rule of Law; and (f) Control of Corruption.	Improved governance in BMCs is central to the achievement of the Region's growth and development objectives, as well as SDG 16.8. In addition, development results in the public sector are partly attributable to good governance and efficient service delivery provided through public sector institutions. This indicator will allow for tracking of governance arrangements at the regional level and will be used to guide the development of CDB's interventions. Information from other documents will be used to support the WGI Governance Index including the Public Expenditure and Financial	The WB, PEFA. MAPS	Yearly

LEVEL 1: Progress Towards Sustainable Development Goals and Regional Development Outcomes				
Indicator No.	**Description**	**Rationale**	**Data Source**	**Frequency**
		Accountability (PEFA) [43]Framework and the Methodology for Assisting Procurement Systems (MAPS)[44].		

[43] PEFA is a methodology used to assess public financial management performance. It provides the foundation for evidence-based measurement of countries' PFM systems, processes and institutions contribute to the achievement of desirable budget outcomes.
[44] MAPS is a tool used to assess public procurement systems. It is organised around four pillar, namely, Legislative, Regulatory and Policy Framework; Institutional Framework and Management Capacity; Procurement Operations and Market Practices; and Accountability, Integrity and Transparency of the Public Procurement system.

LEVEL 2: CDB's Contribution to Sustainable Development Goals, Country and Regional Development Outcomes				
Indicator No.	**Description**	**Rationale**	**Data Source**	**Frequency**
Building Social Resilience				
Education and Training				
2.1 Classrooms and educational support facilities built or upgraded according minimum standards (number)	Number of classrooms in basic or post-secondary/tertiary education, which are built or upgraded in the reporting period, complying with standards approved by respective local authorities.	A constraint to the attainment of the goal of universal education is the availability and quality of educational facilities, including appropriate pedagogical equipment, tools and materials as part of the enabling environment for learning. All facilities - classrooms, laboratories, workshops, multi-purpose rooms and other specialised rooms are included. The indicator aims to measure CDB's contribution to closing the deficit in fit-for-purpose education facilities. The supply of quality education facilities has transformative impact. It positively supports instructional effectiveness, particularly the capacity to meet the differentiated learning needs of students and consequently, improved student performance.	Derived from project level information from two main sources: The BNTF sub-projects and programmes; SSD projects identified through CSPs targeting access to basic education in all BMCs.	Data reported as at December 31st of the last completed year.
2.2 Teachers and principals trained/certified (number)	Number of teachers in basic and post-secondary/tertiary education who have received about 40 hours (about 1 week) of training through CDB support. This covers principals and teachers.	Learning outcomes, to make sure every child performs up to a regional minimum standard upon completing primary and secondary education, depend among other things on the quality of teaching. Research has consistently shown that the teacher quality is one of the highest school-based correlate of student learning. The indicator is a supply one, capturing the number of teachers receiving training. Better teaching should in turn lead to improved learning outcomes.	The MOEs within the respective BMCs, or project documentation of BNTF and SSD.	Data reported as at December 31st of the last completed year.
2.3 Students benefiting from improved physical classroom conditions, enhanced teacher competence, or access to student loan financing (number)	Count of pupils who benefit from new classrooms or upgrades (Indicator 2.10 in the RMF), or enhanced teacher training (Indicator 2.11), or who receive financing for tertiary education programmes. The indicator counts pupils benefiting at all levels of education in any one year.	The indicator quantifies the number of students benefitting from CDB financed interventions in these main areas of support for the education sector - improving the learning environment; the quality of taught education, and access to finance for education - interventions which can enhance learning outcomes and employment potential.	Project level information systems record the number of beneficiaries from classroom construction/ rehabilitation, teacher training and student-loan financing interventions. CDB officials in BNTF, SSD and PSD units are responsible for collating these data from primary sources.	Data reported as at December 31st of the last completed year.
Agriculture and Rural Development				
2.4 Agriculture: stakeholders trained in improved production technology (number)	Number of farmers or associated workers in the agricultural sector adopting improved agricultural technology or practices under Bank-supported operations.	The aim of agricultural sector interventions is to increase production, productivity and competitiveness of the sector. CDB's efforts are focused on the creation of an enabling environment in support of private sector investment in the agricultural sector, including the provision of public goods and services, and stakeholder training in modern production approaches and technologies.	Project level data provided by the respective BMCs/project execution and implementing agencies.	Calendar year as at December 31st

LEVEL 2: CDB's Contribution to Sustainable Development Goals, Country and Regional Development Outcomes				
Indicator No.	**Description**	**Rationale**	**Data Source**	**Frequency**
2.5 Land improved through irrigation, drainage and/or flood management (hectares)	Area provided (in hectares) with new and/or improved irrigation, through drainage, flood or irrigation works.	One of the most direct ways to promote inclusive and sustainable growth is through investments in the agriculture sector including irrigation systems. These investments are aimed at increasing agricultural production and productivity and enhancing competitiveness of the sector. A major concern for the Region is related to natural hazards which negatively impact the agricultural ecosystem including crops and water systems. Climate-resilient and efficient irrigation services are required to facilitate optimal crop and livestock production.	Project level data provided by the SSD from the respective BMCs/project execution and implementing agencies.	Usually annual, but variable reporting times and lags based on country.
2.6 Beneficiaries of improved agriculture, land management and land conservation climate smart agricultural practices (number)	Total number of people benefiting from improved agricultural productivity as a result of the Bank's intervention.	The indicator quantifies the number of persons benefitting from CDB's interventions - climate smart agricultural practices, and improvements of agricultural practices, land management and conservation.	Project level data provided by the SSD from the respective BMCs/project execution and implementing agencies.	Annual, calendar year for the last completed year.
Water and Sanitation				
2.7 Water: Installed water capacity (cubic metres/day)	Installed capacity of water (in cubic metres per day) in storage, water and sewage treatment facilities and pumping stations, through Bank-supported operations.	The indicator describes the extent to which there is adequate provision of efficient, reliable and sustainable supply of safe water to consumers. Installed sewage capacity with effective treatment will also help to mitigate against adverse public health and environmental impacts.	BNTF and EID. Project Reports.	Annual, calendar year for the last completed year.
2.8 Water: Supply lines installed or upgraded (length of network in km)	Kilometers of water supply lines laid or upgraded under Bank-supported operations. The indicator is broken down by urban and rural areas.	The indicator is a measure of the extent to which sustainable access to improved water supply has been increased, based on the assumption that improved sources of water are more likely to provide safe water, also reducing the risk of waterborne and waste-related diseases. Water losses through poor infrastructure is also a major issue in the Caribbean.	Supervision reports for water projects managed by EID. BNTF sub-project reports, and the BNTF information system.	Calendar year data for the last completed year.
2.9 Water: Households with access to improved sanitation and water supply (number)	Number of households that have benefited from installed/ upgraded water supply lines, installed potable water sources, or from improved sanitation facilities, including upgraded or new sewerage infrastructure, public toilets, laundry or bathroom facilities. The indicator is disaggregated by urban and rural areas.	The indicator contributes to the SDG for the proportion of the population with sustainable access to an improved water source, and improved sanitation. Although the Caribbean region is close to attaining the targets for access, access to improved water and sanitation is poorer in rural areas for many Caribbean countries, and hence the indicator counts separately rural and urban households who have benefited.	Supervision reports for Water and Sanitation projects managed by EID. BNTF Sub-project reports.	Calendar year data for the last completed year.
Community Development and Participation				
2.10 Communities: Beneficiaries of community infrastructure construction/ enhancement projects (number)	Number of people who benefit from enhanced social and economic community infrastructure interventions, financed by Bank-supported operations (see Indicator 2.13) - computed as the number of people that the new/upgraded community building can cater for or accommodate, according to the building specification, or from community records of the numbers of beneficiaries.	Poor and vulnerable communities often lack access to basic infrastructure and services, which limits their prospects and social and economic development. The indicator is a measure of the number of persons who can benefit from the new or upgraded community infrastructure.	BNTF sub-projects in BMCs. SSD loan-funded community-based projects.	Calendar year data, as at 31st December

LEVEL 2: CDB's Contribution to Sustainable Development Goals, Country and Regional Development Outcomes				
Indicator No.	**Description**	**Rationale**	**Data Source**	**Frequency**
Building Economic Resilience				
Economic Infrastructure				
2.11 Sea defences, landslip protection and urban drainage (km)	Kilometers of protective structures/structures built for the protection of vulnerable infrastructure or communities, financed by CDB.	The purpose of the indicator is for disaster mitigation. Strengthened infrastructure leads to better protection of the built-up environment/minimises economic losses as a result of natural hazard events. It also protects residents of coastal communities from the effects of waves and storm surges.	EID infrastructure projects.	Annual, calendar year
2.12 Transport: Primary, secondary and other roads built or upgraded (km)	Kilometers of all roads constructed or upgraded. CDB's road development/maintenance projects cover Primary Roads: major roads intended to provide large-scale transport links within or between key economic and social areas in a country; Secondary Roads: roads that supplement a primary network by feeding traffic from local roads on the primary network, and Other and tertiary roads: minor roads which provide access to local communities and areas of agricultural and other economic activity.	Good quality road infrastructure is a key ingredient for sustainable development. All countries need an efficient transport network if they are to prosper and provide a decent standard of living for their populations. Good quality roads are essential for the smooth running of many key economic sectors including agriculture, industry, mining and tourism. Efficient road infrastructure makes it easier for economic actors to do business, generates employment and enhances a country's ability to trade while reducing the costs of goods and services. It also improves the delivery of and access to vital social services, such as health and education, and minimises the risk of fatalities due to poor road infrastructure. Investment in road infrastructure can contribute to the achievement of the SDGs.	Projects and programmes from the EID and BNTF contribute to these results.	Data reported as at December 31st of the last completed year.
2.13 Transport: Beneficiaries (direct) of resilient infrastructure construction or enhancements (number)	Number of people who benefit from newly constructed or improved infrastructure. From road usage surveys or estimated as the catchment area population served by the road, where data are not provided by road usage surveys.	Good quality infrastructure is a key ingredient for sustainable development. All countries need robust infrastructure if they are to prosper and provide a decent standard of living for their populations. Investments in infrastructure can contribute to the achievement of SDGs including SDG 9.	Numbers of beneficiaries of resilient infrastructure projects determined by the projects' scoping reports or estimated from data on the catchment population that could benefit from the infrastructure improvement. In most cases, the catchment population will be a Census estimate. The number of beneficiaries relate to the countries in which CDB supports road building or upgrade projects.	Annual reporting.
Private Sector Development and MSMEs				
2.14 Value of credit made available to the private sector ($ mn) (disaggregated by sector)	Value of credit in a calendar year (in $US mn) to MSE and businesses in the service and agricultural sectors. These private sector enterprises will receive credit through DFIs and other FIs, underwritten by CDB financing.	The indicator is one of several proxy measures under private sector development used to describe the extent to which business viability has been enhanced and growth is potentially expanded through the provision of private sector credit.	DFIs and other FI reports, covering the loan portfolio of countries of PSDU.	Calendar year for the last completed year. DFIs usually require three months to compile their reports for the last quarter. Therefore, most supported DFIs will have annual data by March of the following year.

LEVEL 2: CDB's Contribution to Sustainable Development Goals, Country and Regional Development Outcomes				
Indicator No.	**Description**	**Rationale**	**Data Source**	**Frequency**
2.15 MSMEs benefiting from credit (number)	Number of people with approved applications of business credit or mortgage financing, disaggregated by the sex of the applicant. The business application will usually be made by one of the following size of business: micro (owner-managed with less than five employees), small (less than 25 employees) and medium enterprises (25-50 employees), where the indicator counts the individual(s) making the application for the business.	The indicator is one of several proxy measures under private sector development used to describe the extent to which business viability is potentially enhanced through the provision of credit.	Sub-loan applications and reports from DFIs to whom loan is advanced.	Annual, calendar year
2.16 Beneficiaries of mortgage programmes (number)	Beneficiaries of mortgage financing, where the borrower will take out a mortgage to finance, among other things, the purchasing of a new property or major renovation to an existing property.	Mortgage financing will usually contribute to improved living standards and social well-being of persons benefiting.	Sub-loan applications and reports from DFIs to whom loan is advanced.	Annual, calendar year
2.17 Beneficiaries of TA interventions targeted at MSMEs (number)	Number of recipients of: (a) direct TA, training attachments, and national and regional workshops through the Caribbean Technical Consultancy Service network. (b) TA support for innovation, entrepreneurship and ICTs. (c) Other TA which may be carried out by DFIs through line of credit activities. The recipient will usually be involved with a MSME (see indicator 2.18 for the definition of MSME.).	This is a leading indicator of enhanced capacity in business development of individuals or enterprises supported by the CTCS network, or other TA modalities. Capacity of agencies that provide assistance to MSMEs will also be enhanced. Enhanced capacity may lead to a number of economic benefits, such as increased production, employment and sales/ revenue of affected MSMEs.	Data from PSRs, Back to Office Reports, and consultancies and agencies involved in project implementation, collated by the Technical Cooperation Division (TCD) and PSDU.	Data reported as at December 31st of the last completed year.
2.18 Business climate and competitiveness enhancement projects implemented (number)	Number of projects completed focusing on improved business climate and competitiveness enhancement.	In order to effectively foster private sector growth, BMCs require an enabling policy and regulatory environment, and need to provide incentives and support for SME development.	Refers to certain projects forming part of the Compete Caribbean Programme; as reported by TCD.	Data reported as at December 31st of the last completed year.
2.19 BMCs with increased capacity to undertake PPP arrangements (number)	Number of countries in which the capacity to undertake PPP arrangements has been strengthened through CDB-financed operations. Countries in which results were achieved in one or more of the following areas as related to PPPs are counted in the indicator: (1) development of PPP policies and practices; (2) creation of legal environments that allow for the implementation of PPPs; (3) increased institutional capacity; (4) increased human capacity; (5) creation of fiscal management and accounting frameworks.	PPPs are a possible solution to relaxing the potentially binding fiscal constraints in relation to the provision of public services; they are particularly needed in the infrastructure sector. With improved understanding of PPPs and institutional ability to initiate and manage them, BMCs will be better able to use PPPs effectively and efficiently to achieve development results.	CDB PPP Regional Support Mechanism.	Data reported as at December 31st of the last completed year.
Building Environmental Resilience				
Energy				
2.20 Energy: Conventional or renewable power generation capacity installed (MW)	Megawatts of generation capacity of conventional and RE constructed or rehabilitated under Bank-supported projects and programmes. RE is defined to include hydropower, and power from wind, solar, geothermal and other renewable sources.	Lack of energy security is one of the most pressing challenges among net-energy importing BMCs. This challenge is linked to high import fuel costs and an over-dependence on imported fuel. The indicator measures increased access to conventional, as well as alternative RE generating capacity (both on grid and off-grid).	CDB officials in BNTF, SSD and PSDU are responsible for collating data from primary sources. Caribbean Energy Information System for on-grid RE capacity installed figures.	Data reported as at December 31st of the last completed year.
2.21 Greenhouse gas emissions reduction (t CO_2 equivalent/year)	Greenhouse gas reduction is calculated as the amount CO2 equivalent emissions per year reduced as a result of the Bank's intervention.	CDB is committed to the CC process and has put the necessary financial, technical and institutional arrangements in place to assist BMCs in achieving the global and regional commitments including NDCs.	PSRs prepared by EID.	Annually, December 31.

LEVEL 2: CDB's Contribution to Sustainable Development Goals, Country and Regional Development Outcomes				
Indicator No.	**Description**	**Rationale**	**Data Source**	**Frequency**
2.22 Energy savings as a result of EE/RE interventions (GWh)	Energy savings due to EE measures or the adoption of RE technologies (converted to MWh), directly attributable to Bank supported projects. Since energy savings cannot be directly measured, as it represents the absence of use, projected savings are calculated against baseline or business-as-usual scenarios in the absence of the project.	The determination of energy savings gives facility owners and managers valuable feedback on their energy conservation measures (ECMs), including the installation of renewable technology. This feedback helps them adjust ECM design or operations to improve savings, achieve greater persistence of savings over time, and lower variations in savings.	Projects database of RE/EE initiatives in MSME, public sector operations, and communities.	Annually, December 31.
2.23 Transmission or distribution lines installed or upgraded (length in km)	Total length in Km of energy transmission or distribution lines installed or upgraded through CDB operations.	Installing/upgrading access increases populations' access to energy/access to more reliable energy, supporting SDG 7.	CDB officials in EID are responsible for collating these data from primary sources.	Data reported as at December 31st of the last completed year.
Environmental Sustainability				
2.24 No. of BMCs with strengthened resilience and adaptive capacity to climate related hazards (including DRR strategies)	Disaster risk governance at the national, regional and global levels is vital to the management of DRR in all sectors and ensuring the coherence of national and local frameworks of laws, regulations and public policies that, by defining roles and responsibilities, guide, encourage and incentivise the public and private sectors to take action and address disaster risk.	CDB will monitor BMCs commitments made under the Sendai Framework for DRR. This indicator is linked to building resilience and strengthened capacity for DRM at the policy level. Disasters have demonstrated that the recovery, rehabilitation and reconstruction phase, which needs to be prepared ahead of the disaster, is an opportunity to "Build Back Better" through integrating DRR measures. The DRR approach will help governments and communities to manage, mitigate, cope, adapt and respond to natural hazards.	CDB officials from ESU.	Annually, December 31.
2.25 Additional communities with improved capacity to address CC and DRM (number)	Number of communities who have benefitted from interventions of the Adaptation Fund (AF) or have benefited from development projects that reduce the risk of damage or losses through specific training, TA or infrastructure improvements/enhancements (roads, bridges and other infrastructure), where they are not counted in other social and economic infrastructure development interventions. Some of the infrastructure improvement may be financed through CDB's Immediate Response or Rapid Response loans.	Communities in the Caribbean are severely affected by CC and extreme weather events. These events destroy crops, damage homes, disrupt livelihoods and can cause job losses, injury, sickness and death. The AF and Economic Infrastructure projects work to help community members and groups find ways to reduce their vulnerability to risks associated with natural disasters and to adapt to CC.	CDB officials in EID and from AF are responsible for reporting data based on completed projects and initiatives.	Projects and initiatives completed as at December 31st of the last completed year.
Cross-cutting Areas				
Governance and Accountability				
2.26 Ministries, agencies and departments with improved public financial management systems, PSIPs, and service delivery (number)	The indicator assesses whether Bank interventions have helped countries link a comprehensive and credible budget to policy priorities, strengthen financial management systems, and improve the timeliness and accuracy of accounting, fiscal reporting, and auditing. The indicator is expressed as the percentage of countries where improvements are observed over all countries in which the Bank has supported relevant reforms.	An improved governance environment is central to the achievement of the Region's growth and development objectives, and improving competitiveness.	CDB officials in EID are responsible for collating data from ministries of planning and finance within BMCs.	Annual, calendar year
RCI				
2.27 Regional public goods created or strengthened (e.g. statistical capacity, quality	Number of RPGs created or strengthened through initiatives supported by the Bank. These include completed projects aimed at improving access to information, the administration	Regional Integration in the Caribbean offers the best opportunity for small countries of the region to accelerate growth, reduce economic disparities and	Project documents and reports from CDB officials in TCD.	Annual, calendar Year

LEVEL 2: CDB's Contribution to Sustainable Development Goals, Country and Regional Development Outcomes				
Indicator No.	**Description**	**Rationale**	**Data Source**	**Frequency**
standards, procurement, and debt relief) (number)	of the free movement regimes under the CSME, the competitiveness of the Region's priority/high potential export sectors, improving networking and collaboration among regional MSMEs to exploit export opportunities, and increasing capacity within Ministries of Trade.	facilitate closer policy coordination and collaboration on a range of issues affecting their development including regional and global public goods.		
2.28 Trade facilitation measures created, strengthened or expanded (number)	Number of certification or accreditation systems that were created, strengthened, or expanded through initiatives supported by the Bank, which are expected to support an increased free regional movement of goods and persons.	To meet its overarching goal of integrating Caribbean markets through its regional integration policy and strategy the Bank intends to scale up its investments in hard and soft infrastructure development, while helping member countries and regional communities to enhance their trade policies and build their facilitation and finance capacity.	Project documents and reports from CDB officials in the Technical Cooperation Division.	Annual, calendar year

Level 3: How Well CDB Manages its Operations

Indicator No.	Description	Rationale	Data Source	Frequency
Operational processes and practices and portfolio performance				
3.1 Portfolio performance rating for implementation (% rated excellent to satisfactory)	A measure of the effectiveness of CDB's projects and programmes during implementation is the Portfolio Performance Index (PPI), a composite indicator covering six criteria: strategic relevance, poverty relevance, efficacy, cost efficiency, institutional development, impact and sustainability.	Projects and programmes with PPI ratings of satisfactory or above (highly satisfactory or Excellent) in (PSR provide an indication that CDB's investments are largely meeting their objectives. The indicator measures the % of projects/programmes with PPI ratings of Satisfactory to Excellent.	Project Rating scores in PSRs that have been entered in the PPMS - and reported in Annual Review for Project Performance (ARPP). The scores cover projects under implementation for IPB loans.	As at 31 December, each year.
3.2 Completed projects/loans with timely PCRs (%)	% of projects ended in the two years prior to current year, which have completed Project Completion Reports signed off by the Operations Area. For example, 2020 data will look at the completion rate of projects ended in 2019 and 2018.	This is a measure of compliance with PCM, and accountability. The aim is to be fully compliant, i.e. 100% of projects with completed PCRs on the system.	PPMS, and covers CDB's Operations Area (Economics and Projects Departments)	As at 31 December, each year.
3.3 Projects at risk (% of portfolio)	Projects which exhibit more than two of the following six risk criteria are considered at risk: (a) weighted score for any criterion is equal to or below 0.5; (b) a composite performance score below 4.0; (c) a decline in any project performance rating score by more than 15%; (d) timing performance more than 15% behind target; (e) CDB performance unsatisfactory; and (f) Borrower performance unsatisfactory.	Fewer projects at risk is an indicator of good project management.	PPMS, Annual Review of the Project Portfolio	Annual, calendar year.
3.4 Average time taken from appraisal mission to first disbursement (months)	Average number of months from date of project appraisal mission to first disbursement for CDB's loan investments that have become effective during the reporting period.	Time to first disbursement is a measure of project effectiveness and efficiency. This can be influenced by a number of factors, such as the readiness of the implementer to meet project conditions.	PPMS, Annual Review of the Project Portfolio	Annual, calendar year.
3.5 Projects under implementation with extensions (revised final disbursement date) (%)	The proportion of CDB loan and grant ($1M+ only) projects which have been extended beyond their originally planned completion date based on their current TDD as entered in FlexCube.	It is known that a project's implementation is delayed when its final disbursement date is revised. A delayed project has implications in terms of its ongoing cost to the borrower and the lender, as well as reduced development effectiveness. If the average time of extension can be brought down, savings in costs and gains in efficiency in managing the portfolio of projects can be achieved.	Projects under implementation as at December 31st based on information in FlexCube. This list is cross-referenced with the list of projects in the portfolio considered active as at December 31st by the ARPP.	As at December 31.
3.6 Average length of project extension (month)	The average length of time (in months) that a CDB loan or grant ($1M+ only) project is extended based on their current TDD as entered in FlexCube.	The difference between the original TDD and the current TDD provides information about the length of extension given to a project. A delayed project has implications in terms of its ongoing cost to the borrower and the lender, as well as reduced development effectiveness.	Projects under implementation as at December 31st based on information in FlexCube. This list is cross-referenced with the list of projects in the portfolio considered active as at December 31st by the ARPP.	As at December 31.
Quality of operations and development outcomes				
3.7 Quality of new loans and grants appraised (Capital loans/grants, PBLs and TAs)	The indicator reflects the quality of project design, taking into a number of dimensions including relevance, rationale, results measurement and logic, M&E, and sustainability.	The process commences at appraisal with an assessment of the Quality at Entry (QAE) of the intervention. QAE is an evaluability instrument	Readiness Review/ QAE Mechanism Appraisal reports	Annual

Level 3: How Well CDB Manages its Operations

Indicator No.	Description	Rationale	Data Source	Frequency
	Gender considerations are also incorporated in the rating systems. The performance rating is computed by averaging the total score [1-4] of the 7 categories. The performance rating is explained below: *1 – Unsatisfactory (≥ 1.00 and ≤ 1.75):* The intervention is a technical and/or economic failure where the minimal outcome is achieved. *2 - Marginally Unsatisfactory (> 1.75 and ≤ 2.50):* Despite a significant shortfall, some components of the intervention will generate major benefits. *3 – Satisfactory (> 2.50 and ≤ 3.25):* The expected outcome will, on the whole, be achieved, reasonably efficiently, and will be sustainable over the life of the intervention. *4 - Highly Satisfactory (> 3.25 and ≤ 4.00):* Interventions have a high probability that expected outcomes will be achieved efficiently, and will be sustainable over the life of the intervention.	that measures whether the appraisal and results projected for a development intervention are robust enough to be able to demonstrate results at completion of that intervention.		
3.8 Quality of CSPs (score)	The indicator reflects the quality of CSP design, taking into a number of dimensions including economic and sector work, strategic relevance, partner coordination, lessons learnt, M&E and results.	Demonstration of CDB's development results based on empirical evidence requires measurement of performance from strategy formulation to evaluation. At the strategy formulation stage, the measurement process starts with an assessment of QAE of the proposed country strategy. QAE is an evaluability instrument that measures whether the results projected in a CSP are robust enough to be able to demonstrate the same results at the completion of the associated assistance programme.	Readiness Review/ QAE Mechanism CSPs	Annual
3.9 Completed operations rated Satisfactory and Highly Satisfactory (%)	Measures the quality of completed CDB projects and programmes.	Projects and programmes with performance ratings of satisfactory or above (highly satisfactory or Excellent) in PCRs provide an indication that CDB's investments are largely meeting their objectives.	Project Completion Reports	Annual
3.10 Completed CSPs rated Satisfactory and Highly Satisfactory (%)	Measures the quality of completed CSPs.	CSPs with PPI ratings of satisfactory or above (highly satisfactory or Excellent) in PSR provide an indication that CDB's investments are largely meeting their objectives.	Project Completion Reports	Annual
Resource Allocation				
3.11 Concessional resources allocated according to performance-based allocation system (%)	Concessional resources (SDF) for core country lending and the BNTF that have been apportioned using a performance-based resource allocation formula, of total available concessional resources.	The performance-based resource allocation system is designed for planning financial resources to core country lending on the basis of needs. It is also used for the allocation of BNTF resources among countries participating in BNTF.	Approvals of SDF resources.	Annual

Level 3: How Well CDB Manages its Operations				
Indicator No.	**Description**	**Rationale**	**Data Source**	**Frequency**
3.12 Disbursement ratio (%)	The disbursement ratio is computed as disbursements for the year under review as a percentage of the total undisbursed balances at the beginning of the year, plus undisbursed balances of projects entering the portfolio minus cancellations or withdrawn balances during the year.	The disbursement ratio is an important measure of the Bank's operational performance because it tracks the pace at which resources are being made available to its clients.	PPMS, ARPP	Annual, calendar year.
3.13 Disbursement (efficiency) rate (%)	The disbursement (efficiency) rate is computed to compare actual to planned disbursements, and is a measure of actual disbursement efficiency against anticipated targets for any given year. PBLs are not included in the calculation.	A disbursement efficiency rate close to 100% is desirable: i.e. actual disbursements match those anticipated by project supervisors at the beginning of the period. However, it is possible for the rate to be higher than 100% due to project specific variation, for example, fast disbursing loans can cause the rate to be above 100%. Other factors, such as slow implementation and long gestation periods can cause lower efficiency rates than expected.	PPMS, ARPP	Annual, calendar year.
Strategic Focus				
3.14 Financing directed to less developed BMCs (%, three year average)	Approved financing (OCR, SDF, and Other Special Funds) to BMCs designated as Less Developed (LDC) (Reference CDB Annual Report) as percentage of total approved financing. A three-year average is taken of the proportion to account for the variability from year to year in the level of approvals.	An important part of the Bank's mandate of contributing to the harmonious economic growth and development of the member countries in the Caribbean is to have special and urgent regards to the needs of the LDCs. The indicator monitors the average proportion of finances approved for the benefit of LDCs over a three-year period.	FlexCube	Annual, calendar year.
3.15 Approved projects with a gender specific or gender mainstreamed rating (as a % of total projects)	Extent to which CDB projects (loans and grants) significantly considered gender issues in their analysis, data, engagement, and response, to the point of having "mainstreamed gender".	Measures the extent to CDB projects (loans and grants) mainstreamed gender, in line with the cross-cutting theme of supporting GE.	Project appraisal reports.	Annual, calendar year.
3.16 Projects reporting on gender results during implementation (%)	Share of projects for which data on sex-disaggregated and gender relevant indicators in the results framework are collected and reported on during supervision. This indicator includes in its sample all active projects which have a gender marker rating of gender mainstreamed (GM) or gender specific (GS).	Measures effective supervision of GE results and activities, as well as effective integration of gender design features into project implementation plans. This will allow for better tracking and reporting of gender results.	PSRs.	Annual, calendar year.
3.17 Investment projects with climate-informed design or CVRA (%)	Extent to which climate-related issues have been incorporated in the assessment and analysis as well as designs of the investment project (capital loans and grants).	Measures the extent to which CDB's project designs for loans and grants mainstream climate vulnerability.	Project appraisal reports.	Annual, calendar year.
3.18 Approvals supporting (as a % of total financing): (a) Environment, RE, EE, and CC (supporting climate adaptation and mitigation) (b) RCI (c) Private sector development (d) Blue Economy	Approvals in the calendar year for projects or programmes concerned with: (a) environment sustainability and CC adaptation or mitigation, (b) RCI, (c) private sector development, (d) the Blue Economy (e) governance and capacity building, (f) digitisation in the public sector and (g) data collection expressed as a percentage of total approvals.	The indicator gives a measure of the level of commitment each year in the areas (a) to (f)	Projects approved as at December 31st based on information in the Project Portfolio Management System	Annual, calendar year.

Level 3: How Well CDB Manages its Operations				
Indicator No.	**Description**	**Rationale**	**Data Source**	**Frequency**
(e) Governance and capacity building (f) Digitisation (public sector) (g) Data collection and analysis				
Disclosure and Transparency				
3.19 No. of Independent Evaluation and PCR Validation Reports published on CDB's website.	The number of reports from evaluations and PCR reviews of CDB projects that are available publicly on the CDB website.	Making 3rd party evaluation and reviews publicly available is an important means in which CDB honours its transparency obligations under international agreements. Publishing this information is also an important means for sharing knowledge and information with the broader development community.	CDB website	Cumulative over reporting years. Updated as at December 31.
3.20 Published IATI data on capital projects (%)	The percentage of capital projects approved during the year at the BOD meetings which were published on IATI's database.	The indicator shows CDB's efforts to improve disclosure and transparency.	Corporate Strategy Division	Annual, calendar year

LEVEL 4: How Efficient CDB is as an Organisation				
Indicator No.	**Description**	**Rationale**	**Data Source**	**Frequency**
Capacity Utilisation				
4.1 Budgeted professional staff in Operations departments (%)	OA includes CDB's Projects and Economics Departments, and associated divisions. The indicator counts the number of established professional staff employed by CDB in the Operations Area, excluding those who have accepted offers but are not yet in post, as a percentage of the Bank's total establishment of professional staff. Professional staff in Operations refers to persons engaged in front-line operational delivery (at Deputy Director level and below).	A highly skilled, knowledgeable and experienced workforce is better able to meet and respond to the development challenges in BMCs. The metric measures the proportion of CDB's staffing complement that are a technical professional resource, directly involved with projects and programmes supporting BMC's development objectives.	Human Resource Department - recruitment, staff and pay records	As at December 31.
4.2 Ratio of professional staff to support staff	Based on established positions only, i.e. consultants and temporary staff are excluded from the ratio, this indicator measures professional and technical capacity relative to administrative capacity. Professional staff include economists, accountants, lawyers, risk and audit managers, evaluators and statisticians, and Operations Officers in technical positions, such as engineers, environmental and CC specialists, social development and gender specialists. Support staff include grades associated with administrative support to the professional areas above.	This indicator is a measure of staffing efficiency. Low ratios may indicate gaps in technical capacity in the organisation, and affect the ability of the organisation to carry out its business effectively. On the other hand, a ratio that is too high may reflect gaps in administrative support and the ability of an organisation to support its professional and technical functions adequately.	Human Resource Department - recruitment, staff and pay records.	As at December 31.
4.3 Vacancy rate at management and professional levels (%)	Staffing positions at management or officer level and above, which CDB is actively looking to fill on a permanent basis. Individuals acting in these positions and fulfilling the job role and responsibility would be counted as a filled post. Accepted offers who are yet to start in post are not included in the rate, i.e. changes to the rate are only counted filled once the individual is in post.	A low vacancy rate indicates that CDB has the necessary management and professional capability employed in order to effectively deliver its objectives. Conversely, a high vacancy rate can hamper the ability of an organisation to meet its business objectives.	Human Resource Department - vacant position and recruitment records	As at December 31.
4.4 Staff in management positions who are women (%)	The number of positions at Deputy Director level and above in Operations and Corporate Departments, which are filled by women.	The indicator is not intended to represent a quota, but rather check that adequate consideration is given to GE at managerial levels when recruiting or considering promotions.	Human Resource Department - staff records, and recruitment records	As at December 31.
Use of Administrative budget resources				
4.5 Administration expenses per USD1mn of project disbursements (three-year average) $000s	Administration expenses in the reporting period as a percentage of per mn USD of disbursements (three-year average). Disbursements vary from year to year according to the stages of implementation for projects and programmes from BMCs, a three-year average is taken of disbursements.	Administration expenses as a proportion of per mn USD disbursements is one measure of the Bank achieving value for money. Administrative expenses reflects the cost of doing business.	CDB Financial Management System	Annual, calendar year.
Resource mobilisation, staff engagement and client satisfaction				
4.6 Climate—related bank commitments (tracking of adaptation and mitigation finance)	Applies MDBs Joint methodology to track financing invested annually using resources to address climate mitigation and adaptation.	Climate finance is important for adaptation and mitigation measures, for which significant financial resources will be required to allow BMCs to address the adverse effects and reduce the impacts of CC.	CDB appraisal reports	Annual, calendar year
4.7 Staff Engagement/Pulse Survey Index	The Staff Engagement/Pulse Survey Index measures staff's level of engagement to the Bank, and their understanding of, and agreement with, the Bank's mission, strategy and leadership.	The Bank's engagement survey has been designed to gauge the opinions and needs of staff, and responses will be applied in several ways to help make CDB a better place to work. It identifies Bank-wide strengths and issues and provides staff with a voice in directing	Employee Engagement/Pulse Survey Index	Every two years. Pulse Survey is done in the interim.

LEVEL 4: How Efficient CDB is as an Organisation				
Indicator No.	**Description**	**Rationale**	**Data Source**	**Frequency**
		the Bank's actions and invites new ideas for improving how things are done.		
4.8 Client Satisfaction Survey (% of clients satisfied with CDB's services including response time, lending and non-lending instruments and knowledge products)	The survey provides information on stakeholders' perceptions of CDB's mission to and contribution of poverty reduction. It seeks to understand how well CDB's priorities align with their stakeholders' expectations.	The Bank needs to understand what is important to its stakeholders/clients for maintaining relevance and increasing growth of the Bank's development operations. It also facilitates evidence-based decision-making.	Client Satisfaction Survey	Every two years.